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## NEWS SUMMARY

### GENERAL

**Slater in threat to halt all ferries**

National Union of Seamen secretary Jim Slater threatened to halt all ferries between Britain and the Continent unless the Sealink strike was resolved by peace talks which began last night on the company's demand for pay cuts at Harwich.

The NUS reported a full response from its 3,500 members and all British-operated Sealink ferries were halted. The company's partners in Belgium, France and Holland were operating normally. There were no reports of major delays or congestion at the ports. *Back Page*

**Labour funds**

Trade unions say that by the end of the year they will have raised £3m for the Labour Party, which needs about £30,000 to clear its deficit. *Back Page and Page 9*

**Overtime limit**

The TUC is considering proposals to limit the number of hours overtime which can be worked. *Page 9*

**'Back from dead'**

Scots guardsman Philip Williams, 18, who was missing presumed dead on the Falkland Islands, was found in a farmhouse at Bluff Cove and said he had been suffering from amnesia. *Page 2*

**Soldiers crash**

British soldiers Michael Franco, 23, and Robert McLellan, 24, died when the armoured vehicle they were driving crashed into an express train near Osnabruck, West Germany, injuring 21 people on the train. *Page 2*

**Welsh protest**

Nationalist Eisteddfod of Wales opened at Swansea with protests from Welsh language campaigners about exhibitors promoting their wares in English and lack of post office forms in Welsh. *Page 2*

**Nuclear store**

West German police in Engstringen repeatedly moved demonstrators from the entrance of an army barracks where the protesters said six nuclear warheads for U.S. lance missiles were stored. *Page 2*

**Journalist ousted**

The Soviet Union is expelling a newsweek journalist Andrew Naporski for "impermissible journalistic practices" including allegedly impersonating a Soviet correspondent. *Page 2*

**Kenya clashes**

There were sporadic clashes in Kenya between troops loyal to President Daniel arap Moi and rebels responsible for Sunday's attempted coup, but the government appeared in control. *Page 3*

**Bodies identified**

Henry Frankford identified the bodies of his brother Richard, 32, and sister Nicola, 24, found in eastern Zimbabwe after being missing since July 14. *Page 3*

**Polish refugees**

Two Polish men in their late twenties have asked for political asylum in Sweden after a 16-hour Baltic crossing from Poland. *Page 3*

**Pet frozen**

Thieves shut Fred, a children's pet, in a freezer while ransacking their home. The bird was found dead when the family returned to their Glamorgan home from holiday. *Page 3*

**Briefly**

South Atlantic fund will give out £1.5m this week to widows and dependants of Falklands victims. *Page 3*

Mr. Bob Mellish, MP for Bermondsey and former Labour Chief Whip, resigned from the party. *Back Page*

**CHIEF PRICE CHANGES YESTERDAY**  
(Prices in pence unless otherwise indicated)

RISERS	
Treasury 3pc 1986 .....	84 + 23
Watsons .....	988 + 13
Treasury 12pc 04-05 £101 .....	118 + 6
Bo Isolates .....	93 + 5
Boat (IL) .....	303 + 8
KCA Int. ....	80 + 4
Sun (UK) Royalty .....	120 + 15
Anglo Am. Gold .....	231 + 11
Janbuys Cons. ....	231 + 11
President Brand .....	214 + 11
St. Helena .....	113 + 11
Vaal Reefs .....	130 + 12
FALLS	
Johnson Grp. Clnsr. ....	262 - 18
Notts. Manuf. ....	148 - 14
Plessey .....	515 - 11
Standard Telephones 575	- 60

## Reagan warns Israel to stop fighting in Lebanon

AMID SIGNS of the most serious rift between the U.S. and Israel since the start of the Lebanon crisis, President Ronald Reagan warned Mr. Mitzhak Shami, the Israeli Foreign Minister, yesterday: "The world can no longer accept constantly escalating violence" in Lebanon. Any continuation of the fighting could end the peace mission of Mr. Philip Habib, the U.S. envoy, he said, writes Anatole Kaletsky in Washington.

After a short and obviously tense meeting with Mr. Shami at the White House, the President issued his strongest statement so far to call for all the fighting to stop. "A complete end by all parties to the hostilities in and around Beirut was a prerequisite" for Mr. Habib to continue his negotiations, the President told Mr. Shami.

But the Israeli minister, in an implicit rebuff to the President, said that Israel would maintain a ceasefire only "on one condition: that it be absolute and mutual." There can be no one-sided ceasefires, he said, reiterating his government's position that its attacks on targets in West Beirut over

the weekend were in retaliation for Palestinian violations of a ceasefire.

By David Lennon in Tel Aviv writes: In Israel, Mr. Menahem Begin, the Prime Minister, warned Mr. Morris Draper, an assistant to Mr. Habib, who arrived from Washington, that the time at the disposal of diplomats to persuade the Palestine Liberation Organisation (PLO) to leave Beirut was running out.

A Foreign Ministry official said that, although Israel would like to observe the ceasefire, "we believe that

the PLO must be pressed into leaving West Beirut." He added that PLO violations of the ceasefire gave Israel the opportunity to persuade it that Israel meant business.

Israeli troops, who advanced more than a kilometre into south-west Beirut on Sunday and took the international airport and the southern outskirts of two refugee camps, continued to creep forward yesterday. The process was described in Tel Aviv as "improving positions and straightening lines."

The army spokesman here said that the Israeli troops

only opened fire after Palestinian guerrillas had fired on Israeli troops for hours. The fighting yesterday was not as intensive as a massive bombardment from air, sea and land on Sunday, which the English-language Jerusalem Post described as a "savagely" PLO violation of the ceasefire. A large column of Israeli tanks has moved into East Beirut, which is held by Christian forces.

Israel was unhappy yesterday with the UN Security Council's decision to station UN observers along the ceasefire line in Beirut, between

Israeli forces and those of the PLO, to monitor the observance of the ceasefire, which has repeatedly broken down.

No official position has yet been taken and the Cabinet is expected to meet this week to discuss this issue. But the Foreign Ministry has said already that the Security Council was avoiding the main problem which, Israel says, is to make the Palestinian guerrillas leave Beirut. The Ministry said that Israel was "very much concerned by this apparent attempt to prolong the negotiations."

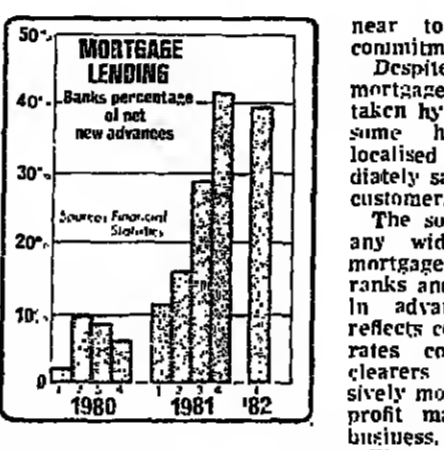
## Barclays halves rate of mortgage lending

BY WILLIAM HALL AND MICHAEL CASSELL

BARCLAYS BANK, the most aggressive in the big bank invasion of the home loan market, is to halve its rate of lending for home mortgages.

Its action comes at a time when there are signs that the expansion of bank lending generally for house purchase is slowing sharply.

Barclays has been lending more than £100m a month for house purchase. It has now instructed its managers to cut lending to £50m a month. Only people who have had an account with Barclays for at least six months will be granted home loans.



since the big banks moved into the home loan market two years ago their market share has expanded rapidly. In the last quarter of 1981 they accounted for 41.3 per cent of net advances in the sector compared with less than 2 per cent at the beginning of 1979.

However, in the first quarter of 1982 the total amount of new money lent by the banks slipped for the first time in two years to £940m and their market share of new net advances fell to 35.8 per cent.

Barclays said yesterday that applications for mortgages had jumped from an average of under 3,000 a month a couple of months ago to over 5,000 a month now and its lending had risen from £70m a month to over £100m.

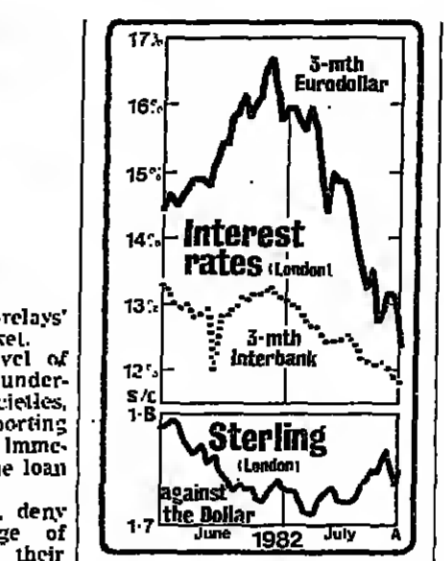
Last year Barclays lent around £800m for house purchase and had budgeted to increase it to £1.1bn by the end of the current year. But it has almost reached its target half way through the year.

Mr Brian Pearce, Barclays general manager in charge of retail banking, said that its target of £800m a year growth in its home loan portfolio was in line with the sort of presence it wanted in the market.

There had also been signs that the building societies were nearing their lending limits and there had been "rather dramatic increases in requests for bank mortgages."

Mr Pearce said that the shortfall in supply of housing funds was surprising given the fact that house prices were not moving up and the housing market was still depressed.

Other major banks said yesterday that they did not intend cutting their mortgage lending, although only National Westminster, which is lending close to £100m a month, comes



## U.S. banks cut prime to 15%

By Paul Taylor in New York and William Hall in London

ALL THE major U.S. banks cut their prime rates yesterday by half a percentage point to 15 per cent.

The cuts came as Eurodollar interest rates again fell sharply and the Bank of England again lowered its intervention rates in the London money market, adding to hopes that UK interest rates have further to fall in the coming weeks.

The prime rate reduction, the third in two weeks, will bring further relief to hard-pressed U.S. corporate customers. It matches the cut announced by Mellon National Bank on Friday. This followed the Federal Reserve Board's decision to reduce the discount rate - at which it lends short-term to the banks - to 11 per cent, the second cut in two weeks.

The lower prime rate, which banks charge to their best corporate customers, reflects a continuing easing in U.S. short-term money market interest rates. The Fed funds rate has dropped from over 12 per cent to under 11 per cent in the past two weeks.

The UK move will bring further tension to U.S.-EEC commercial relations. The French, West German and Italian governments have stressed their desire to see pipeline contracts proceed though none has legal power to enforce that desire in the same way the UK Government has.

John Brown said last night it had no choice but to comply with the Government's direction. The first six of 21 turbines ordered would be shipped this month. It did not have parts from GE to complete the remainder but could obtain these elsewhere.

Smith International's Stroud unit, McEvoy Oilfield Equipment, said that respecting the U.S. embargo would have posed great problems. Its Soviet contract represented about 20 per cent of its order-book. Baker, however, said the British ruling could pit the company in difficulty.

## Four British companies ordered to ignore Siberia pipeline ban

BY PAUL CHEESBRIGHT, WORLD TRADE EDITOR

THE UK Government yesterday prohibited four companies supplying £134m-worth of goods in the Siberia-West Europe gas pipeline from complying with the U.S. embargo on pipeline contracts.

The four companies are John Brown Engineering of Clydebank with a £104m order to supply gas-turbines; American Air Filters of Cranston, Northumberland, a sub-contractor to John Brown, with an order for £9.6m-worth of turbine air-filters; Baker (U) Tools (UK) of Alfreton, with a contract for £14m of down-hole equipment; and Smith International (North Sea) of Stroud, Glos, which is supplying £12.4m of well-head equipment.

The four contracts comprise more than half the value of total UK orders won for the pipeline by 12 companies in all.

The prohibition was announced in the Lords by Lord Cockfield, the Trade Secretary, who invoked the Protection of Trading Interests Act 1980. This is designed to shelter companies resident in the UK from the demands of foreign governments when those demands are considered to be against British trading interests.

If the companies fail to comply their contracts with the Soviet Union solely because of the U.S. embargo the Attorney-General can institute legal proceedings against them that might lead to fines.

The Government waited until after Mr Francis Pym, the Foreign Secretary, met Mr George Shultz, the new U.S. Secretary of State, last week before deciding to act.

Mr Pym failed to persuade Soviet Union aides hand over pipeline embargo. *Page 2*

Polish debt rescheduling. *Page 2*

Reagan encouraged by Polish developments. *Page 2*

the U.S. to moderate the terms of the embargo which, according to Lord Cockfield yesterday, "is an attempt to interfere with existing contracts and is an unacceptable extension of American extra-territorial jurisdiction in a way which is repugnant to international law."

The embargo bans use of U.S. technology for the 5,000 km pipeline and thus affects John Brown, which is a manufacturer associated with GE, the major U.S. turbine-maker. It also forbids the foreign subsidiaries of U.S. corporations from supplying goods for it, thus affecting the other three companies named in the UK announcement.

£ in New York

Spot	July 30	Previous
1 month	51.7425-7475	51.7515-7355
3 months	50.60-09 pm	50.09-11 pm
6 months	50.62-05 pm	50.70-07 pm
12 months	50.60-70 pm	50.75-55 pm

## UK trade surplus rises to £152m

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S visible trade moved back into balance in June after a deficit of £115m in May. After taking account of invisible earnings, the surplus on current accounts is estimated to have been £152m in June compared with a £35m surplus in May.

The June trade figures, published yesterday, provide some encouraging news for the Government because they show a substantial improvement in the balance of trade, excluding oil, and an apparent moderation of the recent alarmingly high levels of imports.

The current account surplus in the first half of the year was £1.2bn. This, taken with the improvement shown by the June figure, is likely to calm fears expressed in some quarters of the City that a deteriorating trade position might start to put pressure on sterling.

Yesterday's figures appeared to have no adverse effect on the foreign exchange markets. This is important to the Government, which is anxious to continue a cautious policy of lowering interest rates as long as this does not lead to an excessively sharp fall in sterling.

The improved balance on visible trade in June was achieved in spite of a £150m adverse swing in the surplus earned on oil between May and June to £177m in June. For non-oil trade the deficit decreased from £442m in May to £175m in June.

Both imports and exports fell in June compared with levels in the previous few months.

Imports, which had been running at levels which represented an appreciable threat to the UK's economic recovery, were reduced by 53 per cent in value terms compared with the May figures and by 7 per cent in volume terms.

This decrease reflected lower deliveries of imported manufactured goods, whose volume was 10 per cent less than it was in May and has now fallen back to about the same level as at the beginning of the year.

In April and May the volume of imports, particularly of manufactured goods, increased sharply and fears that this might represent a more voracious appetite for foreign goods, underlying some of the gloomier predictions about Britain's future trade position.

Exports were also down in June compared with May - by 3 per cent in value terms and by 4 per cent in volume terms. In spite of this the total volume of exports for the three months to June was about 5 per cent higher than in the same period last year.

Continued on Back Page

**BALANCE OF PAYMENTS**  
(£m, seasonally adjusted)

	Visible trade	Invisibles*	Current balance
1981 4th qtr.	+490	+875	+1,365
1982 1st qtr.	+356	+329	+685
1982 2nd qtr.	+83	+450	+533
1982 January	-103	+110	+7
February	+188	+110	+298
March	+271	+109	+380
April	+196	+150	+346
May	-115	+150	+35
June	+2	+150	+152

\* Invisibles are projections and subject to revision as information becomes available.

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EUROPEAN NEWS

Colombo visit aims to heal EEC rift with Latin America

BY RUPERT CORNWELL IN ROME

SIG EMILIO COLOMBO, the Italian Foreign Minister, left Rome yesterday for an eight-day visit to three Latin American nations...



Sig Emilio Colombo

The trip is the first to the region by a senior Community politician since the conflict earlier this year. No Community Foreign Minister has been in Buenos Aires since 1976...

nation 40 per cent of whose population is of Italian extraction, as well as by important economic and financial interests.

Swiss current account back in black last year

BY JOHN WICKS IN ZURICH

SWITZERLAND'S current account was back in the black last year, according to a government report...

The Swiss trade gap narrowed considerably in 1981 to SwFr 8,059m after the previous year's record deficit of over SwFr 11,389m.

The surplus on services grew last year from SwFr 7,319m to SwFr 8,129m, the major contribution being a surplus on tourism of SwFr 2,569m...

Yugoslavia curbs prices

BY ALEKSANDAR LEBL IN BELGRADE

THE YUGOSLAV Government freeze, Mr Polajnar expects 25-27 per cent inflation this year.

Against the targeted 15 per cent rise in retail prices for 1982, they had increased by 19.3 per cent by end-July...

Explosives, weapons and Armenian nationalist documents were found at the house where 23-year-old Pierre Guizman was killed in a blast on Friday, the police said.

Newsweek journalist expelled by Russia

By Anthony Robinson in Moscow

THE MOSCOW correspondent of the U.S. news magazine Newsweek, Mr Andrew Nagorski, was called into the Soviet Ministry of Foreign Affairs yesterday and told that he was to be expelled for repeated use of "impermissible journalistic practices"...

The authorites accused him of posing as a Polish tourist in June this year during his visit to Kovno, a town which was incorporated into the Soviet Union after the war.

The Soviet newsagency Tass said he was accused of trying to penetrate the closed city of Kurhan-Tyabe on July 28 on his way to Dushanbe "in violation of the existing rules for the movement of foreigners."

According to a Tass report, Mr Nagorski tried to pose as deputy editor-in-chief of the regional newspaper Krasny Sever while visiting the city of Vologda in October 1981.

Mr Nagorski says he was stopped by militiamen during his visit to Vologda and, in addition to showing his accreditation, said that his activities in the town could also be verified by the deputy editor of Krasny Sever with whom he has just had an interview.

In Rovno, Mr Nagorski, who is of U.S.-Polish extraction and speaks Polish, said that he made clear his status as a correspondent and declared his background.

During preparation for his visit to Dushanbe, he sent telegrams to the Foreign Ministry informing them of his intention to visit Kurhan-Tyabe, the normal practice for foreign correspondents, and received no advice that this was not allowed.

Mr Nagorski added: "The charges are quite bogus and I can only guess that they did not like what I have been writing about the Soviet Union and wanted to get rid of me." Mr Nagorski is the first U.S. correspondent to be expelled from the Soviet Union since the expulsion of Mr Robert Tott of the Los Angeles Times three years ago.

Clues for police in Armenian hunt

BY ANATOLE KALETSKY IN WASHINGTON

President Ronald Reagan declared yesterday he was "somewhat encouraged" by developments in Poland, but he made no suggestion that sanctions other than the grain embargo against the Soviet Union, including the pipeline equipment ban, would be lifted in the immediate future.

"We will continue to watch developments in Poland in the hope that life will improve for the Poles," he said. At that point, Mr Reagan seemed to imply, sanctions against the Soviet Union could be removed and the U.S. would negotiate a new long-term grain agreement providing for even higher levels of grain exports to the Soviet Union.

Mr Reagan said that lifting the Carter Administration's grain embargo was the election commitment he was "most

POLISH DEBT RESCHEDULING

Western banks unhappy with Warsaw offer

BY ALAN FRIEDMAN

WESTERN BANKERS involved in talks on the rescheduling of Poland's 1982 debt are unhappy with Polish proposals which would allow Warsaw to pay only 20 per cent of its \$900m (5522m) of 1982 interest.

Neither the Poles nor the 500 Western commercial bank creditors have discussed the proposals in formal negotiations, but it was learned yesterday that Poland favours a programme which would allow the following:

- The total amount of 1982 principal would be rescheduled over 10 years, rather than 74 years as was agreed for 1981 debt.
• Only 20 per cent of the

\$900m of 1982 interest would be paid. The remaining 80 per cent would be made immediately available as trade credits and would be repaid over a one-year period.

Western banks would supply Poland with a new \$300m medium-term Eurocredit.

The Polish proposals were discussed at a series of meetings among bankers last week in New York and London. The bankers' own position involves a firm assertion that Poland must pay its full 1982 interest debt.

According to one banker who attended last week's meetings, Poland is unlikely to receive

Poland restored automatic telephone links with West Germany yesterday for the first time since martial law was imposed last December, Reuter reports from Bonn.

Private calls connected manually by operators in Warsaw were restored 10 days ago and censored business and diplomatic calls have been allowed since April.

more than 50 per cent of its 1982 interest back as fresh trade credits.

Referring to the Polish desire for \$300m of new money, he declared: "There will be no fresh funds."

The Western banks are also thinking in terms of a 95 per cent rescheduling of 1982 prin-

cipal rather than the full amount, around \$2.4bn. The Polish debt talks are made more difficult by the fact that some agreement is needed before September 10, which is known among bankers as "cross default" day.

This is because September 10 is the date referred to in last

year's rescheduling agreement as an intermediate deadline. If Poland has not kept its principal and interest payments up to date, or if a 1982 rescheduling agreement is not in place, any of Poland's 500 creditor banks can declare a default.

Bankers involved in the rescheduling talks said last night that a full-scale rescheduling agreement would be impossible to achieve by September 10, but some form of preliminary agreement would have to be reached.

"We will have to work exceptionally hard because something has to be signed and in place by September 10," commented one banker.

Dutch pharmacists in protest over drugs blacklist

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH health system, regarded as one of the finest and most generous, is facing the same kind of financial strain which has beset the British National Health Service for years.

The latest complaint comes from the Dutch Pharmaceutical Industry Association, which has protested about a so-called blacklist of drugs which, from September 1, cannot be prescribed to patients whose medicines are paid for by the state.

Some 300 preparations have been listed in the official

government gazette as unavailable on a social welfare basis, and the pharmaceutical industry has struck back by suggesting that such a ban contravenes the Treaty of Rome's free trade regulations.

In the Netherlands, those living on or below the agreed national minimum wage receive their health prescriptions free of charge, with the bills being met by the state.

Higher income earners pay a proportion of the total, and those earning more than a certain amount pay for pre-

scriptions out of their private health insurance.

The fear is now that the economically most vulnerable will have to accept drugs which are cheaper than those considered best by doctors for their conditions.

Mrs Til Gardener, the Dutch Health Minister, ran into objections earlier this month when she announced that she intended closing about 30 Dutch hospitals, most in Amsterdam, Rotterdam, The Hague and Utrecht, between now and 1990. The Labour Party objected to the planned

closure, and there was also criticism in the Dutch press.

A spokesman for the Association of Dutch Sickness Funds said yesterday that he felt the latest proposal on medicines could be defeated if doctors refused to operate the new rules.

Under Mrs Gardener's proposals, several hospitals will have to reduce their wards, bringing the total number of beds for patients down by 8,000. In The Hague alone, three hospitals and 13 wards could be affected, involving nearly 1,000 beds.

The present Interim Cabinet, made up of Christian Democrats and the minority Democrats '66 Party, is determined to reduce Government spending by Fl 16.5bn (£3.5bn) between now and the end of 1985, and sees the social welfare system, including subsidised health spending, as an important target for cuts.

The general election, on September 3, will centre on the extent of the savings required and how far the parties are prepared to go in pursuit of their objectives.

Unrest threat as Portugal ends price freeze

BY ANATOLE KALETSKY IN LISBON

LISBON—Portugal's six-week-old wage and price freeze, imposed after a devaluation of the escudo last June, ended yesterday with predictions that prices would climb steeply.

The popular Lisbon daily Correio da Manha forecast a summer of labour unrest now that shops can pass on to consumers the higher cost of imports. Yesterday's edition carried a banner headline saying "Prices begin to heat up."

The inflation rate is running at 25 per cent a year against

a government target of 17 per cent, according to latest official figures. The target figure is the ceiling for wage increases in Portugal's vast public sector.

The effect of the devaluation on prices is expected to be particularly strong because Portugal pays for most of its imports, particularly food, in dollars, the currency against which the escudo is weakest. The escudo was devalued by nearly 11 per cent against the dollar last June 16, but in the past six weeks it has depreciated a further two percentage

points against the U.S. currency.

The new round of price increases expected to follow the end of the freeze is likely to weaken the hand of the right-wing government at a time when it faces delicate negotiations with organised labour.

The Government is working on a labour law which Cabinet officials say will introduce a system of temporary lay-offs.

Employers have been clamouring for restrictions on the right to strike, and some

multi-nationals planning to invest in Portugal have demanded a guarantee they would be free to lay off workers.

The unions do not appear in the mood for a deal.

This weekend, the Communist-controlled Intersindical, Portugal's largest labour confederation, called for the resignation of Sr Francisco Pinto Balsemão, the Prime Minister, after the Government unveiled a plan to get rid of loss-making public sector companies. Reuter

Reagan encouraged by Polish developments

BY ANATOLE KALETSKY IN WASHINGTON

President Ronald Reagan declared yesterday he was "somewhat encouraged" by developments in Poland, but he made no suggestion that sanctions other than the grain embargo against the Soviet Union, including the pipeline equipment ban, would be lifted in the immediate future.

"We will continue to watch developments in Poland in the hope that life will improve for the Poles," he said. At that point, Mr Reagan seemed to imply, sanctions against the Soviet Union could be removed and the U.S. would negotiate a new long-term grain agreement providing for even higher levels of grain exports to the Soviet Union.

Mr Reagan said that lifting the Carter Administration's grain embargo was the election commitment he was "most

proud to have kept." Speaking to the National Corn Growers' Convention in Iowa, he predicted that the U.S. would sell a record volume of grain to the Soviet Union this year, ignoring protests from Europe about his decision to extend the U.S.-Soviet grain agreement.

The Agriculture Department, Mr Reagan said, was also consulting with the Russians on additional grain sales beyond the minima provided in the old grain agreement.

Any extensions of that would have "the sanctity of a contract," would "ensure U.S. farmers access to the Soviet market" and would "restore confidence in the U.S. reliability as a supplier," he said, ironically echoing complaints made by U.S. and European industrialists about his Administration's embargoes on sales of equipment to the Soviet Union.

The President offered further encouragement to hard-pressed U.S. farmers by saying that he would seek strong measures to open up other agricultural markets to U.S. exports and would challenge unfair subsidies and anti-competitive trading practices in Europe and Japan.

Wheat, flour, poultry, sugar and pasta were the products in which his administration was



President Reagan "vigorously challenging" export subsidies by foreign governments.

Sharp rise in Cyprus tourist arrivals

By Our Nicosia Correspondent

TOURIST arrivals in Cyprus during the first six months of this year have shown a 24.7 per cent increase over the same period of last year, but hotel owners say occupancy levels are not satisfactory.

Hotellers say that they were able to accommodate thousands of Lebanese who have fled from Beirut.

According to figures from the Cyprus Tourism Organisation (CTO), first-half arrivals totalled nearly 234,000 against 171,400 in the first six months of 1981.

Visitors from the UK totalled 52,585 (up by 8 per cent) while those from Sweden were nearly 43,000—a sharp rise of 49 per cent.

This confirms Sweden as the second most important tourist market for the island after Britain. West Germany was third, while Lebanon and Greece followed.

The CTO said that the development of two new markets—Norway and Denmark—has been of considerable importance.

Hotellers say that the biggest increases in arrivals were from countries where charter flights are operated regularly. They repeated their longstanding call that similar flights be allowed to be operated from Britain. Cyprus Airways strongly objects to the proposal.

Soviet Union hides hand and bluffs hard over U.S. pipeline embargo

BY ANTHONY ROBINSON IN MOSCOW

BLUFF HARD and play your cards close to your chest. That is the secret of poker, and these are the tactics currently being employed by the Soviet Union as it faces up to President Ronald Reagan's decision to lift the Siberia-Western Europe pipeline by extending export embargoes to the West European and Japanese licensees of U.S. gas pumping and ancillary equipment.

Not for the first time, a U.S. president is finding the game hard to play with so many interested partners standing

behind his shoulder looking at the cards and criticising every move. He is also playing a game in which many of the trump cards are in Soviet hands—including the natural interdependence between an industrially sophisticated and energy-deficient Western Europe and an industrially inefficient and energy-rich Soviet Union.

When the Soviet Union first started thinking about the Siberian pipeline in the mid-1970s the idea was to use it as the vehicle for opening up the vast natural gas deposits dis-

covered halfway up the Yamal peninsula, well beyond the Arctic circle. The technical difficulties of opening up this vast reservoir were so daunting, however, that initial development of the field has been postponed to the next five-year plan period. One of the longer-term effects of the U.S. embargo and subsequent Soviet decision to rely as much as possible on its own resources may be the further delay of development in the Yamal.

Given the size of the Urengoi gas deposits over 600 miles further south, however, delay in exploiting the Yamal deposits is unlikely to damage long-term Soviet energy prospects. Indeed, by concentrating resources on Urengoi, the Soviet Union may well find short-term benefits in not having to develop a wholly new field.

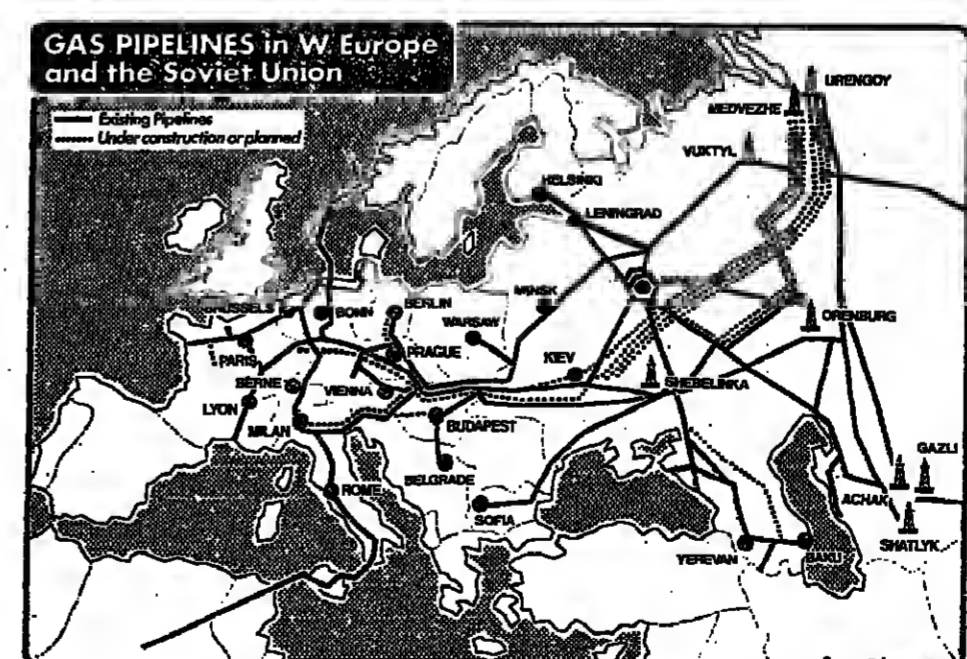
As it is, the proven gas deposits at Urengoi are stated by Soviet sources to be greater than all the reserves of Mexico, Algeria, Canada, Britain and the Netherlands combined. Little wonder, then that Urengoi was eventually chosen as the source not only for the 2,770-mile gas pipeline to Uzhgorod on the Czech-Soviet frontier, and thence to West European customers, but also for five other major pipelines of a total length in excess of 12,500 miles—the construction of which is planned for the current five-year plan.

Every Soviet five-year plan has its top prestige project. Since the mid-1960s these have been construction of the Togliatti passenger car complex, the Kamaz diesel truck complex, the Baikal-Amur (BAM) Siberian railroad and the Atom-smash nuclear power plant construction complex. But the highlight of the current five-year

plan is the completion of the six gas pipelines with estimated cost of 25bn roubles (£19.8bn) exceeds the total investment in all the above-mentioned projects over the preceding three five-year plans.

Whatever the shortcomings of the Soviet economy as a whole, there is little doubt of the Soviet ability to concentrate resources on high priority projects. So this time, too, the gas pipeline project will be fulfilled, if not completely, at least sufficiently to guarantee supplies to priority consumers in Western and Eastern Europe.

Gas already plays a vital role in the Soviet economy and its importance is destined to grow as oil output declines and gas becomes the main energy export to Eastern Europe and the West. Even now gas is used to smelt 90 per cent of Soviet iron and steel, provides the energy and feedstock for 90 per cent of Soviet fertiliser production and over 60 per cent of cement. It is used in a growing number of other industrial plants as well as being piped to over 200m domestic consumers.



Separating reality from propaganda is at present virtually impossible, not least because so far attempts by Western correspondents and Western contractors to visit the Urengoi gas deposits themselves have been met by silence or the famous Soviet response: netzlya (impossible). Under the circumstances, assessment of Soviet engineering ability can come only from Western contractors and from more general Soviet accounts.

The view of Western contractors here is that the existing Soviet 10 MW compressor units are fairly rugged, very heavy, difficult to transport (because they do not enjoy the modular construction of more powerful

Western compressor units) and much less reliable than imported Western plant. The average interval before overhauls of the 10 MW units is believed to be around 800 hours—compared with the 35-50,000 hours between major overhauls of the Rolls-Royce Avon aero-engine derived turbines and compressors sold by the Cobberrow consortium of Rolls-Royce and Cooper Industries in use on the existing Chelyabinsk pipeline. The heavy-duty GEC-type units imported for use on the Orenburg-Western Europe pipeline, which supplies the bulk of existing Soviet gas contracts to the West, enjoy an average 24-25,000 hours before major overhaul.

The fundamental reason why the combination of a strong hand and a good basis for bluff put the Soviet Union in a good position in the current round. But in an extended game the Soviet position may be weaker.

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# Michael Thompson-Noel assesses effects of world recession on a country buoyed by huge mineral resources

## Privileged Australia unprepared for chill economic winds

TO THE outside world, the Australian economy is enviable—well-placed—anchored, as it is, by enormous natural wealth. But to Australians themselves, the whiff of recession that has temporarily touched their land has taken on the threat of an asphyxiating cloud.

To outsiders—be they emissaries from U.S. banks, buyers from Japan or missionaries from Europe come to teach the heathen—the most striking feature of the Australian economy is its fundamental wealth. Last year, Australia's minerals output achieved yet another record ex-mine value, estimated in Canberra to have been about A\$7.7bn (£4.32bn).

In the longer term, it is estimated that its minerals resources will produce cumulative benefits to the Australian balance of payments, between now and the end of the century, of more than A\$100bn in 1980 prices—on top of which the economy is reasonably well-diversified and the population relatively small.

The world recession has, however, temporarily caught up with Australia, producing strains in the economy and corporate discontent. The country is currently experiencing record interest rates, an unemployment rate of almost 7 per cent, rising real wages, a slump in company profits, an inflation rate of 10.4 per cent, a fall in international competitiveness and a deteriorating balance of trade. And, last week for the first time the Australian dollar was worth less than its U.S. counterpart.

By international standards, the ills in the economy are not profound, nor the remedies hopelessly out of reach. Yet in the "boom to bust" vocabulary

of Australian political debate, it is the ultra short-term that dominates—which is why the Liberal government of Mr Malcolm Fraser, the Prime Minister has taken such a mauling recently.

For all his considerable political skills, Mr Fraser has yet to articulate, to the satisfaction of ordinary Australians, the notion of fat and lean years. Nor has the Government yet addressed itself successfully to the real hugebeast to the economy: protectionism and wage determination.

Part of the trouble, from the Government's point of view, has been the compression of bad news into a relatively short time-scale. In the federal budget last August, the growth in real gross non-farm product was forecast to slow to 3 to 3.5 per cent, though tight monetary policy and a reduction in the budget deficit were expected to encourage the inflow of enough foreign capital to offset a large current account deficit.

Things have not worked out so well. In the March 1982 quarter, non-farm gross domestic product fell by 0.3 per cent which, together with a revised fall of 0.7 per cent in the December quarter, points to an estimated growth rate for 1981-1982 of around 1.8 per cent.

In the view of Mr John Howard, the Federal Treasurer, the latest growth figures were "disappointing but not entirely unexpected." He pointed to the protracted recession in world trade, the most damaging aspect of which, from Australia's point of view, has been the sharp and continuing fall in commodity prices.

Crucially, he stressed that there were home-grown factors too: the marked erosion of busi-



Malcolm Fraser... yet in articulate the notion of fat and lean years

ness profits and a rising surge of imports testifying that domestic wage costs had outstripped what the economy could afford.

On most counts, figures for the June quarter will show a further downturn in production, resulting in three consecutive quarters of negative growth, something not seen in Australia for 20 years.

Although growth in 1980-81 had been relatively strong, there has been a significant turnaround in the balance of trade. For 1981-82 as a whole, the deficit on current account was A\$9.1bn (£5.39bn), well above the budget estimate of A\$6.7bn, and equivalent to about 8 per cent of gross national product. Figures announced recently showed that Australia's trade deficit had



John Howard... latest growth figures are "disappointing but not unexpected"

soared to A\$3.4bn in the year to June 31, 1982. Imports had surged by 17 per cent, to A\$22.5bn, but exports had stayed sluggish, rising by only 1 per cent, to A\$19.1bn.

Admittedly, the bigger deficit has been covered by a larger-than-expected capital inflow, which in 1981-82 totalled A\$10.5bn, much of it lured in by high domestic interest rates. On the other hand, this inflow of funds—much of it "hot money"—is admitted by the Government to have caused problems for money supply, and for the control of inflation.

The scale of foreign investment inflows into Australia was seen in figures issued recently by the Bureau of Statistics in Canberra. They showed that the net inflow, excluding undistributed income, in the March 1982 quarter was A\$1.97bn, against A\$1.53bn in the December 1981 quarter. The total was made up of A\$540m in direct investment, and A\$1.43bn in portfolio investment and institutional loans.

By country, the major sources of investment funds were the U.S. (A\$700m) and UK (A\$337m). By industry, foreign investment in manufacturing industry in the March 1982 quarter totalled A\$602m, against A\$665m for the whole sale and retail trades, and A\$320m for mining.

So long as part of the inflow is boosting productive investment, it should enhance longer-term export and growth prospects. But the current account deficit for 1982-83 is likely to remain high, and dependence on capital inflow is stifling initiative on domestic policy. Moreover, until the balance of trade improves, Australian interest rates are likely to remain high

relative to rates overseas.

In the view of Mr Ralph Willis, the Labour Opposition spokesman on economic affairs: "The excessive reliance on a domestic credit squeeze and historically high interest rates is stopping any Australian economic growth. The massive private capital inflow which these conditions have attracted could just as easily drain out of the country, causing a balance of payments crisis. A different mix of policies would have been possible, including more active use of the exchange rate and greater public sector borrowing overseas."

For a country on which the sun almost always seems to shine, some of the short- and medium-term pointers are relatively discour-

aging. For example, it is generally expected that inflation will remain high by world standards, that unemployment will grow (reaching 8 per cent in 1983-84, and that in 1982-83 there will be significant reductions in private gross fixed capital expenditure.

Real consumer expenditure should rise, however, and non-farm products could expand by 2 per cent in 1982-83.

In a report earlier this year, the OECD said that the country's current macro-economic stance seemed the only possible way to try to contain inflation in the short term. To achieve sustained non-inflationary growth, as well as cope with adjustments in the economy based on strong expansion of the resource sector, changes would be needed on the two key fronts: protectionism and wage determination.

The signs are not promising. Among OECD economies, Forties, Australia has one of the most highly protected and comparatively less efficient manufacturing sectors. Although the Government occasionally makes the right sort of noises, it is opposed by, and usually succumbs to, industry's lobbying. Only recently seven major industry organisations warned Canberra that any move towards cutting import protection would immediately cause higher unemployment and help lower GDP.

The lobbying worked, for recently the Government announced a major new aid package for manufacturing industry, including accelerated depreciation allowances. It also brushed aside calls for tariff reductions and lower levels of industrial protection. This

## Japanese reflation plan to be drafted

By Charles Smith in Tokyo

THE DIRECTOR-GENERAL of Japan's Economic Planning Agency, Mr Toshio Komoto, has instructed officials in his agency to start drafting a comprehensive economic reflation package.

Agency officials stress, however, that the instruction lacks the support of the Ministry of Finance, which would have to provide the necessary funds. They also point out that a majority of the four key organisations which represent the Japanese business world remain opposed to any attempt at reflation.

The reflation package would be intended to provide for additional public works spending during the final months of the 1982 fiscal year and will contain tax or interest rate measures aimed at stimulating investment by small companies.

The package could cost between ¥2,000bn (14.5bn) and ¥3,000bn, the bulk of which would probably have to be financed by additional issues of government construction bonds. The Finance Ministry, which is preoccupied with reducing the size of the budget deficit, remains strongly opposed to issuing any more bonds.

Mr Komoto's instruction to his officials to start work on drafting a package represents the latest round in an economic policy battle which started early this year after the economy suddenly lost momentum. The FAP believes that Japan needs an economic growth rate of around 4 per cent in order to keep unemployment from rising rapidly and that in order to achieve this Keynesian methods should be used to stimulate demand.

The agency's critics elsewhere in the Government, and the private sector are arguing that Japan should resign itself to a much slower growth rate of perhaps 3 per cent.

The strongest opponent of reflationary policies in the private sector is the Federation of Economic Organisations (Keidanren), an organisation which represents big Japanese companies and which, until about four years ago, was committed to Keynesianism. Keidanren officials today claim that a 3 per cent real growth rate is the most that Japan can reasonably expect given conditions elsewhere in the industrial world. They believe that the Government's fiscal policies should be tailored to this.

## Kenyan army contains rebellion

BY MICHAEL HOLMAN

SPORADIC CLASHES between troops loyal to President Daniel arap Moi and rebels responsible for Sunday's abortive coup were reported yesterday, but the Government appeared in control.

According to a Government communique, the President chaired a cabinet meeting in the morning. The six-line statement said that ministers were "satisfied with the action taken by armed forces to contain the rebellion" and "pledged loyalty" to Mr Moi.

Fighting was said to have

taken place early yesterday morning at Nanyuki air force base 100 miles north of Nairobi, but Government forces soon established control. The coup appears to have been led by middle-ranking air force officers based at Nanyuki and at Embakasi, 15 miles south of Nairobi.

Shooting also broke out around the Hilton Hotel in central Nairobi, and a tourist filming the fighting from his room window is said to have been killed.

Nairobi itself was patrolled

by army units and a dusk-to-dawn curfew continues. Occasional shooting was heard. Kenyatta International airport remained closed to traffic last night. The city's university has been shut and students sent home.

The rebels had been ordered to surrender by noon yesterday, and a Government broadcast warned that those who failed to do so would be dealt with "ruthlessly."

Diplomats said that between 300 and 400 rebels had been killed or captured.

## Mugabe and Nkomo agree action at meeting

BY OUR HARARE CORRESPONDENT

MR JOSHUA NKOMO, leader of the minority Zanu party in Zimbabwe, yesterday held a two-hour meeting with Prime Minister Robert Mugabe at which the two men agreed on joint action to deal with what Mr Nkomo called "a very serious and dangerous situation." The meeting was requested by Mr Nkomo, who said afterwards: "We agreed on a course of action which will be made known as we go along." He declined to give further details.

The meeting followed the kidnapping 11 days ago of six tourists from Britain, Australia and the U.S. by dissidents signing themselves "Zipra Forces," demanding political concessions for Mr Nkomo's party.

Mr Nkomo has publicly disowned the abduction affair and called on "these misguided young men" to release their prisoners. To date, security forces have failed to find the gap.

The Nkomo-Mugabe meeting was their first since the collapse of the coalition Zanu-PF/Zanu cabinet in February this year, when Mr Nkomo was

sacked from the Government because of secret arms caches found on Zanu-owned property in western Zimbabwe.

Mr Mugabe also held a meeting with Chief Justice John Mupfema to discuss the confrontation between the executive and the courts following last week's refusal by the Government to release the York brothers, whose detention order has been ruled unlawful by both the High Court and the Supreme Court here.

In a separate development,

officials said three corpses found in the Inyanga district of Zimbabwe's Eastern Highlands had been identified as those of three missing British tourists.

The dead were 31-year-old Richard Pranker and his 24-year-old sister Nicola, and 23-year-old Miss Alison Jones. There was no indication of how the visitors died.

The tourists, all from the London area, had been missing since July 14. Identifications were based on the victims' clothing.

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AMERICAN NEWS

Grumman wins \$8bn U.S. navy fighter contract

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE PENTAGON has chosen the Grumman F-14 Tomcat as the U.S. Navy's leading fighter for the years ahead but has left open the choice of an attack bomber, Washington officials said yesterday.

Canadian banks cleared by inquiry

By Robert Gibbons in Montreal

CANADA'S House of Commons Finance Committee has absolved the big Canadian chartered banks from charges of "excessive profits" in the year ending October 31, 1981, but criticised four of the largest banks for the size of their individual loans to corporations.

The committee, parliament's most effective, had been asked to investigate banks' profits and held a 183-page report, just tabled, found that the Canadian banking system is sound but requires stringent lending limits to spread risks more broadly.

It strongly recommended that the total outstanding value of any single bank's loans to any corporate borrower or associated group should be limited to 25 per cent of the bank's total capital, unless otherwise approved by the Federal Inspector of Banks.

The report found that several large Canadian corporations are undergoing a serious liquidity crisis which theoretically could undermine the bank's capital base.

However, it did not name Dome Petroleum and Massey-Ferguson, to which the banks have made their largest loans over the past two years.

The committee recommended an official inquiry into the collapse of the long-term debt market, steps to enable corporations to raise more equity, broader powers for inspectors-general and an official definition of bank capital.

However, its major recommendation was the 25 per cent limit on bank lending in any individual corporation.

The Canadian Imperial Bank of Commerce, whose loans in the Dome Petroleum group at around C\$1bn (\$444m) exceeded by 40 per cent its capital as at April 30 last year, has already taken steps to impose a 15 per cent limit on future corporate loans.

The committee also wants the loan losses to be set out clearly in annual bank statements, a new system of disclosing loan loss appropriation (now on a five-year sliding scale formula) and revised tax policies which would imply that the banks pay more federal taxes.

Mary Helen Spooner in Santiago reports on the deepening economic crisis Chilean régime criticises private sector



Gen Pinochet... financial elite are "an oligarchic pressure group"

THE CHILEAN military régime's once excellent relations with the country's private sector have taken a turn for the worse as the Government headed by General Augusto Pinochet faces its worst economic crisis since coming to power in 1973.

Nearly a quarter of the workforce is either unemployed or enrolled in the Government's minimum employment programme, which pays approximately 2,000 Chilean pesos (£25) per month for full-time labour at menial jobs.

Following the economy Ministry's unexpected announcement of a peso devaluation in June from 28 to 16 pesos to the dollar - Chile's consumer price index has begun to creep up from the negative or near-zero figures registered in previous months.

Recent statements by officials critical of Chile's business groups, the obtrusive attitude on the part of some business leaders and the régime's non-essence stance toward Chile's banking system illustrate this worsening of relations.

Earlier last month Chile's leading newspaper, El Mercurio, reported that an unidentified government official travelling with Gen Pinochet on a tour of southern provinces warned that a certain prominent banker could be expelled from the country if he continued to make "catastrophic" predictions about Chile's economic future.

The would-be deportee was generally thought to be Sr Javier Vial, head of the Banco de Chile, Chile's largest financial conglomerate and largest private bank.

A spokesman for Sr Vial's bank publicly called on the Government to clarify this expulsion threat. A week later, in an interview published in El Mercurio, Gen Pinochet dismissed the reported threat as nothing more than a "vulgar rumour".

At the same time, the Chilean President criticised the country's small business and financial elite as an "oligarchic pressure group".

Chilean officials have been quick to deny that any changes in the régime's laissez-faire economic policies - which had produced so much success in the past - were under consideration.

Chile maintained a neutral stance during the Falklands war, denying frequent reports that it had given military or intelligence support to the British forces.

Chilean authorities hope that the central bank's rescue operation will shore up the country's ailing financial system sufficiently to allow it to weather the rest of the recession.

There is some indication that the peso devaluation will give a needed boost to industries hurt in the past by the flood of cheaper imports.

Another hopeful sign is the recent rise in the price of copper, which accounts for half of Chile's export earnings, up from the record lows registered earlier this year.

Yet the Government, with the very laissez-faire policies it has adopted in the past, could still have a difficult time forcing Chile's private sector to do its part.

Chilean banks hard, with unpaid past due debts worth an estimated \$1.5bn (£332m). These collapses can be explained in part by the world recession, but some of the blame must go to the practices of financial liberalisation so prevalent among banks and affiliate businesses in the past.

A look at some of the major banks' principal debtors shows a high percentage of loans going to companies belonging to the same conglomerate as the lending bank or finance company.

The Banco de Chile, which recently agreed to turn over 11a bad debt portfolio to the central bank, has at least 11 major debtors who pertain to its parent conglomerate, the BHC group.

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Mexico cuts subsidies on food, electricity and petrol

BY RONALD BUCHANAN IN MEXICO CITY

THE MEXICAN Government has sharply reduced subsidies on a range of basic consumer items. As a result, the price of tortillas and bread has been doubled, petrol prices will rise by two-thirds, and domestic electricity tariffs by 30 per cent.

Faced with a halt in investment and the rising threat of unemployment, the Government said it could "wait no longer" to increase prices.

The decision bears the hallmark of President-elect Miguel de la Madrid, who has pledged "realism" to tackle the mounting economic crisis.

Before the increases, the Government was supplying tortilla makers with maize at a price which represented only one-sixth of world market levels. Even with the increase, subsidies will have to be maintained.

Petrol too still remains a bargain by international standards, with regular grade retailing at just over 50p per gallon and premium at 75p.

Venezuela and Mexico will today formalise a one-year extension of their joint agreement to supply nine Central American and Caribbean nations with oil under favourable credit terms.

Kim Foad writes from Caracas, Venezuela. President Luis Herrera Campins and Mexican President Jose Lopez Portillo, will issue simultaneous announcements extending the supply agreement, which benefits Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, the Dominican Republic, Jamaica and Barbados with approximately 160,000 barrels a day.

Splits in Argentine army threaten Bignone

BY JIMMY BURNS IN BUENOS AIRES

DIVISIONS within the Argentine military have deepened in recent days and threaten to destabilise the one-month-old presidency of General Reynaldo Bignone.

Tensions inside the army, principally provoked by the Falklands debate, surfaced over the weekend with the resignation of Gen Gervasio Garcia, the head of the fifth army corps based in Patagonia.

Gen Garcia, who was commander of operations in the early stages of the war with Britain, resigned less than a week later the removal of four Argentine generals, formerly on duty in the Falklands, from the military high command.

The four included the former military governor of Port Stanley, Gen Mario Benjamin Menéndez.

Gen Garcia is the first high-ranking Argentine officer directly involved with the Falklands war to have voluntarily resigned his post. His resignation is reported to have been in response to growing pressure on the military leadership from middle and junior-ranking officers.

The findings of the inquiry are not expected to be completed until the end of this year. However, a number of leading witnesses have already published their opinions in an apparent breach of military discipline.

U.S. to toughen laws on lead content of petrol

WASHINGTON

The Environmental Protection Agency says it will tighten restrictions on the amount of lead that can be contained in petrol.

The agency said it originally planned to relax leaded fuel standards, but recent studies convinced it the standards should be toughened, not eased.

Under existing regulations, all companies are allowed to average the lead content of their leaded and unleaded fuels. Under the agency's proposed regulations, companies will no longer be able to do this but will instead have to meet stricter lead content standards for their leaded petrol.

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WORLD TRADE NEWS

Decline in Polish imports from West slows

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE DECLINE in Poland's imports from the West, which has brought some sectors of industry to a near standstill, slowed in the second quarter of this year. But imports were still a staggering 38.3 per cent down in the first six months of 1982 compared with the first half of last year, according to figures published by Polityka, the Warsaw newspaper.

The paper sees no prospect of improvement until Poland gets out of the "debt trap". The country, it says, is in a "vicious circle" because, denied Western credit, it has few exports earnings left over from debt repayments with which to buy Western imports.

Strikes, like the Solidarity union itself, have been outlawed under martial law. But inadequate supplies have halted work in many companies and reduced industrial output.

Output showed an 11 per cent drop in the first quarter and a 7.8 per cent decline overall between January and June. But, again, the decline appeared to be easing by June, with only a 4 per cent output drop in that month.

Thai fears grow over natural gas reserves

By Jonathan Sharp in Bangkok

THAI officials are worried that Thailand's much-vaunted deposits of natural gas, on which the Government is relying for ambitious industrial projects, may not be as plentiful as at first believed.

The concern was aroused by widely-published reports from gas industry experts that the Erwan Field in the Gulf of Thailand - the only offshore field at present on stream - contains only about one-third of the gas initially estimated to be there.

Since the start of production last September, the Erwan Field has consistently failed to meet the output targets set for it.

The Union Oil Company of California, which operates the field through its Thai subsidiary and sells to a Thai Government agency, has blamed the shortfall on a variety of technical problems.

David Marsh in Paris witnesses the Sierra industrial theatre Ford's road-show set for profits

BY OUR PARIS STAFF

THE SPACE shuttle Columbia swoops in to land on the Californian plain, the crackle of Mission Control in the pilot's ears.

A real-life eruption of smoke interrupts the film sequence; laser beams dance in garish colours; and the 500-strong invited audience collectively holds its breath as the many-layered stage at the end of the auditorium unfolds like a lotus leaf to reveal a gleaming new limousine - the pride of the Ford range for 1983.

The spectacle seems to have little or nothing to do with the hard-nosed business of selling motor cars.

But it will be repeated continuously at the Palais des Congrès conference centre in Paris over the next few weeks - all part of an elaborate film-plus presentation to prepare the launch this autumn of Ford's new Sierra model.

Exporters at Work

BY OUR PARIS STAFF

Mr Mark Frankenburg, MMA's director in charge of production, is an ex-theatrical hand himself. He joined the company four years ago after a career in production management in provincial repertory theatre - and says he would not now return to the conventional stage.

Industrial theatre, he says, is more creative. "You're pre-occupied with a product - and you've got to find a solution". The challenge is that all the notions are open for launching the product - from dangers to high technology, from robots to film and video.

The Ford performance, with its laser beams, panoramic sound, and pantomime-like smoke effects, makes particular use of technological skills. "We borrow them from as highly placed a theatre as we can afford," says Mr Frankenburg.

He compares the show's sophistication with the high-tech performance of "Sweetex Todd" in London's West End earlier this year. Underlining the economic differences between the two genres of theatre, he points out that the West End musical folded early for lack of support - while the Ford road-show will earn profits for cast, sponsor and promoters alike.

EEC reaches textile accords

BY LARRY KLINGER IN BRUSSELS

NEW TEXTILE agreements have been provisionally concluded between the European Community and 14 supplying nations covering more than 50 per cent of total low-cost imports into the EEC, the European Commission said.

Still outstanding, however, are important pacts with the militant "dominant suppliers" such as Hong Kong, South Korea and Macao. These have demanded second-round negotiations over Community demands

China in foreign computer sale

BY OUR WORLD TRADE STAFF

CHINA has made its first foreign sale of a locally developed micro-computer that costs three-fourths the price of similar foreign equipment, the Peking Daily said yesterday, AP reports from Peking.

The paper said the Peking Computing Technology Institute would export 1,000 micro-computers to West Germany, but it did not identify the customer.

French car-makers raise exports by 3%

BY OUR PARIS STAFF

FRENCH CAR manufacturers, while losing an increasing share of their home market, managed to raise their exports by 3 per cent during the first six months of the year, compared with the first half of 1981.

This was despite a downturn of almost 8 per cent in June. The Motor Manufacturers' Association said that the industry's performance both in France and abroad would have been "completely different" if it had not been for the spate of strikes in the spring.

West German group wins Sarawak contract

BY JAMES BUCHAN IN BONN

UHDE, THE process plant subsidiary of the West German Hoechst concern, has won an important order to supply technology for a fertiliser plant in Malaysia.

Although UHDE's participation in the project is unlikely to generate more than a quarter of the DM 550m (£118m) contract value, it is the Dortmund company's first order from Malaysia.

Jakarta completes barter deal

BY OUR WORLD TRADE STAFF

THE INDONESIAN Government has just completed one of its first countertrade agreements under terms of its recent economic reforms calling for greater use of such practices in the country's international trading activities.

China in foreign computer sale

BY OUR WORLD TRADE STAFF

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West German group wins Sarawak contract

BY JAMES BUCHAN IN BONN

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July 1982

# Say hello to the new Fiat two-litre.



## Introduce your chauffeur to back-seat driving.



We have long been famous for building cars that are enjoyable to drive.

The new two litre Fiat Argenta is no exception.

It offers a combination of smoothness and spriteliness that you won't want to waste on the chauffeur.

One reason is the responsive 113 bhp twin overhead camshaft engine.

Another is the precise five speed gearbox. (A three speed automatic is available as an option.)

The Argenta will nip up to 60 in 11.6 seconds and has a top speed of 105 mph.

Our cars' handling is another feature you will want to experience first

hand. The Argenta is a joy to put through corners.

Thanks in part to the low profile P6 tyres and wide sports wheels.

Mind you, the chauffeur need not feel left out. The back seat is an ideal spot to appreciate the opulence of the new Fiat Argenta.

The classic Italian lines, the fine velour upholstery, the thick carpeting that lies underfoot.

But the rear seat is no place to fully appreciate our car's level of equipment.

Power assisted steering on an adjustable steering column, electrically operated front windows, central locking and

metallic paint. They are all standard equipment.

No matter where you sit, you can't fail to wonder at the cost of our new car. It has a retail price of just £6,345.

A figure that includes one year's free motoring membership of the RAC. And a six year anti-corrosion warranty.

In addition, according to no less an authority than Her Majesty's Government, it will return 36.7 mpg at a constant 56 mph.

Argenta is Italian for silver, but clearly this new Fiat is worth its weight in gold.

**The new Argenta £6,345.**

Fiat Auto. The best selling cars in Europe.



PRICES AND SPECIFICATIONS CORRECT AT TIME OF GOING TO PRESS AND INCLUDE FRONT SEAT BELTS, CAR TAX AND VAT, DELIVERY AND NUMBER PLATES EXTRA. PERFORMANCE FIGURES SOURCE FIAT S.p.A. THE CRYLA-GARD ANTI-CORROSION WARRANTY COVERS ALL MAJOR PARTS, AND IS SUBJECT TO ANNUAL INSPECTION BY THE DEALER, PAID FOR BY THE OWNER. ARGENTA FUEL CONSUMPTION (MANUAL VERSION): URBAN CYCLE 22.1 MPG (12.8 LITRES/100 KM), CONSTANT 56 MPH 36.7 MPG (7.7 LITRES/100 KM), CONSTANT 75 MPH 28.0 MPG (10.1 LITRES/100 KM). FOR FURTHER DETAILS CONTACT CHRISTOPHER SHELLY, FIAT INFORMATION SERVICE, P.O. BOX 39, WINDSOR, BERKS.

UK NEWS

# Car rental fleets hit by second-hand values drop

BY ARTHUR SANDLES

A £250 DROP in the trade value of a year-old Ford Cortina in the past month may have knocked £3.5m off the value of Britain's car rental fleet. The fall is likely to increase the UK's relatively low rental rates. Depreciation accounts for 50 per cent of car rental costs so the dramatic fall in second-hand values recently has hit rental company finances severely.

Mr Freddie Aldous, chairman of Swan National, said yesterday that the eventual impact could be a 30 per cent rise in rental rates in Britain. "We are suffering a rate of depreciation worse than anything we have ever experienced."

In terms of rental rates as a proportion of new car prices, Britain is one of the cheapest car rental countries in Europe. According to Mr Aldous, however, the effect of the price changes is dramatic. "At Swan National we have had to provide an extra 40 per cent for depreciation increases alone."

The fall in used car values has been remarkable. Last year a small car (group A in rental terms) such as a Metro or Fiesta might have lost £240 in the eight months a rental company owned it. Today the figure is £730.

The change in price of the Cortina, of which there are 10,000 in the UK rental car fleet, is even more spectacular. Taking the UK used car bible, Glass's Guide, as an indication, a Cortina 1600L would have depreciated by £474 between January and August last year. The equivalent figure this year is £1,183—or nearly £123 a month.

The Cortina is, of course, a special case. It is about to be replaced by the Sierra and dis-

# Nationalised enterprises inferior, says study

By Max Wilkinson, Economics Correspondent

THE PERFORMANCE of a certain nationalised enterprise is substantially inferior to that of their private sector counterparts, according to a study published by the Institute of Fiscal Studies, in the July issue of its journal.

The study, by Mr Richard Pryke, senior lecturer in economics at Liverpool University, compared the performance of nationalised enterprises in three sectors where they were in direct competition with private industry. They were British Rail's Sealink ferries, British Airways and the British Gas and Electricity board show-rooms.

The evidence appeared broadly similar in the three sectors.

● Sealink—The market share of cross-Channel ferry services enjoyed by Sealink and the French railways was sharply eroded between 1964 and 1980, during which period European Ferries and its predecessors built up from an average of 84,000 tourist vehicles carried per year to 400,000. In that period the annual total of Sealink and French railways fell from 312,000 to 301,000.

# Further oil and gas exploration zones designated in the Channel

BY RAY DAFTER, ENERGY EDITOR

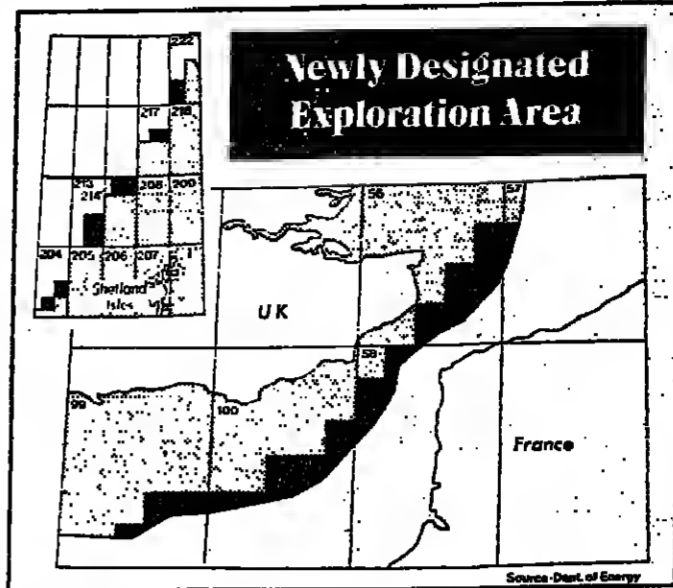
THE Government has designated new oil and gas exploration areas in the eastern reaches of the English Channel.

Oil companies will also be allowed to explore a more extensive area of the North Sea, in the wind-blown region to the north and west of the Shetland Islands.

The Government is designating an additional 5,200 square miles of the Continental Shelf as areas available for exploration and possible development. The new areas, equivalent to more than 30 average-sized licence blocks, mean that 496,630 square miles of the Continental Shelf have been earmarked for oil and gas exploration.

Most of the new territory is in the English Channel, skirting the UK-France median line between the Thames Estuary and a point south of Bognor Regis in West Sussex. Oil companies are known to be wary about drilling in this area, particularly the Straits of Dover given the already-congested shipping lanes.

The designation of this part of the Channel follows agreement between the British and French governments over the exact line of boundary between the two countries.



Source: Dept. of Energy

to search for oil and gas in any designated area although they are not permitted to sink a well. The Department of Energy defined five new areas to the north and west of the Shetlands in a part of the North Sea where the Government plans to encourage exploration drilling. It is possible that part of these newly-designated regions could be included in eighth round licences.

# Sally Line plans to expand port of Ramsgate

SALLY the Viking Line, the UK operation of the Finnish Sally shipping group, plans to expand facilities at Ramsgate harbour and add more ships to its service.

Mr. Michael Kingshott, managing director of the UK company, said that to build a new breakwater would cost an initial £2.5m. Work was expected to start soon. A second phase to extend the breakwater would cost about £1m and land reclamation at Ramsgate would cost up to £7m.

Funds would be raised by Port Sally Management, a separate company, of which Sally and Mr Kingshott will each own half.

He said he would probably try to bring other investors into his stake. Sally runs its service from the UK to Dunkirk in France with two ships. It plans to add another "next year."

This year, the UK operation would probably show a small loss—last year the loss was about £1m—but Mr Kingshott hoped for a profit in 1983, apart from the port development costs.

# Volume of imports and exports down

BALANCE OF TRADE

	Exports £m seasonally adjusted	Imports £m seasonally adjusted	Oil balance £m	Exports Volume 1975=100	Imports Volume 1975=100
1980	47,396	46,211	-273	128.0	119.1
1981	48,087	48,087	n.a.	119.1	119.1
1st qtr.	12,332	11,121	-897	125.5	114.2
2nd qtr.	n.a.	13,506	n.a.	n.a.	132.0
3rd qtr.	13,858	12,321	-698	132.0	122.7
4th qtr.	13,277	13,748	+707	125.3	122.7
1982 1st qtr.	13,831	13,748	-122	131.5	130.6
2nd qtr.	4,958	4,324	-256	123.1	118.4
1981 June	4,307	4,307	n.a.	126.9	126.9
July	4,784	4,784	n.a.	142.1	142.1
August	4,415	4,415	-291	129.8	126.9
September	4,652	4,250	-74	136.0	121.0
October	4,565	4,792	+285	135.5	135.5
November	4,641	4,324	-419	130.0	126.6
December	4,244	4,369	+187	119.0	123.2
1982 January	4,422	4,234	-289	124.3	120.2
February	4,589	4,318	-271	124.8	124.8
March	4,731	4,535	-196	134.6	130.3
April	4,625	4,740	+327	132.9	135.6
May	4,475	4,475	-177	127.1	125.8
June	4,475	4,475	-177	127.1	125.8

The volume of imports and of exports, excluding oil, both fell markedly in June compared with the average for the previous three months. Exports fell back to about the same level as in the first quarter of the year when export performance was about 5 per cent worse than it was in the last three months of 1981.

The index of non-oil exports has been very erratic recently with a high figure of 131 (1975 = 100) reached in September last year and a low figure of 113.4 in January.

The index of non-oil imports has shown a similar erratic pattern with a decline from a high level of 170.9 (1975 = 100) in August.

In comparison with this range, the index of non-oil imports for June was 146.8 and the comparable figure for non-oil exports was 117.7.

The relatively low import index for June reflects a sharp fall in the volume of imports of manufactured goods for the month which was down 10 per cent compared with the previous month.

# Compressor systems for British Gas

BRITISH GAS Corporation has ordered two gas compressor systems worth a total of more than £8m, writes Ray Dafter. The order has been placed with Cooper Rotis, a company owned jointly by Rolls-Royce and Cooper Industries of the U.S.

The equipment is to be installed in a new compressor station near Warrington, Cheshire. Both units are based on Rolls-Royce RB-211 engines. They will be used to increase the amount of gas carried in the corporation's transmission system.

The additional carrying capacity is needed partly to handle the output of British Gas's new Morecambe Field in the Irish Sea. It is expected the compressor station will be operating by 1984.

# Coal import curbs 'costing £25m'

BY SUE CAMERON

THE Central Electricity Generating Board is believed to have calculated that it could cut its costs by £25m a year if it were allowed to import foreign coal freely into the UK. The Government has forbidden the CEBG to import more than 0.75m tonnes of coal a year and, as a result, the board now has a 1.8m tonnes stockpile of cheap foreign coal at continental ports.

Taxpayers met the £18.8m bill for the coal stocks piling up on the Continent last year. By the end of this year this cost could exceed £35m.

It appears, however, that restrictions on coal imports are increasing the CEBG's running costs by £25m a year. Unlike the cost of stockpiling coal on the Continent, this extra burden is evidently not being met by government subsidies.

The CEBG has a long-term contract to buy just over 2m tonnes of comparatively cheap coal from Australia every year. The board reckons that if it could import this freely it could make substantial cuts in the running costs of its big coal-fired power stations on the Thames.

Only at a small number of Thames-side power stations does the CEBG find it cheaper to use imported stocks than UK coal. But it reckons that at stations easily accessible by water, imported coal works out between 10 per cent and 20 per cent cheaper than supplies from the National Coal Board, brought from pits in north east England.

NGB officials are saying privately that the CEBG is over-emphasising the impact that

# Canal pilot lied about collision

A MANCHESTER Ship Canal pilot concocted a story to conceal the truth about a collision in the canal, a judge said in the Admiralty Court.

Mr. David Snowden, the pilot had persisted with the false story while he gave evidence to the court on oath, said Mr. Justice Sheen. "He realised he had been negligent and sought to blame others for his own mistakes."

The judge said that Mr. Snowden had been navigating the Greek-registered Argo Hope, of 1,579 gross tons, in the canal when it collided with the Liverpool coastal tanker, Bebbington.

Holding the Argo Hope 85 per cent to blame, the judge said that the collision occurred because of a course alteration it had made.

The Bebbington had contributed to the collision by falling to keep well on its side of the canal and give Argo Hope as much water as possible, said the judge.

He gave judgment for Bowker & King, owner of the Bebbington, for 85 per cent of its £85,000 damages claim and for Cia Comercial Transatlantica, owner of the Argo Hope, for 15 per cent of its cross-claim, for about £20,000.

WORKERS on a Scottish island estate, which has been a holiday home to Conservative prime ministers, have been laid off because of the recession. High interest rates and the state of the economy were blamed for the loss of 17 jobs, about half the total, of the 55,000-acre estate of Lord Macquhann of Islay, Lord Macquhann, 76, is travelling to the island for his annual two-month holiday during the shooting season. The family also owns a large estate at Fonthill, Wiltshire.

ESTATE workers laid off on Islay

Isle of Man bank wound up

The compulsory winding-up of Savings and Investment Bank Ltd was ordered at a Chancery Court hearing in Douglas, Isle of Man, yesterday. Mr. Michael Jordan and Mr. Ronald Robinson were appointed as provisional liquidators and receivers.

Standard Chartered Bank has appointed Mr. John Franklin, a director of CHARTERED TRUST, finance company subsidiary from September 1. He is managing director and chief executive of Powell Duffryn.

MAGNET JOINERY SALES, a subsidiary of Magnet and Southern has appointed Mr. Eric Whitehead and Mr. Peter Connolly to the board.

Mr. David E. Thomas has been appointed sales and marketing director and Mr. J. Brian Case regional director of THAMES CASE.

Mr. Clive Innocent, formerly divisional director, Midlands division, has been appointed general manager and director of BARLOW HANLING. He replaces Mr. F. R. Cresswell, who has retired. Replacing Mr. Innocent in the Midlands division is Mr. Peter Blackmore, former financial director of the company. Mr. A. R. Macmillan has been promoted from general manager to director of the Scottish division.

In the hewing and retailing division of GRAND METROPOLITAN, Mr. Philip Jarman, former director of Chief and Brewer, will take over full-time control of Huckleberry's. Mr. John Gilhepie, Huckleberry's senior district manager, is appointed director of operations.

# BTH waits for decision on sale

BY RAY MAUGHAN

SENIOR management at British Transport Hotels is still waiting to hear whether Mr. David Howell, the Transport Secretary, is prepared to approve its detailed plans to buy the 23 hotels in the BTH group or whether Ministerial opinion has swung in favour of an offer for sale by tender among the leaders in the UK hotels industry. A decision is expected this week.

Kleinwort Benson is confident that sufficient specialist institutional investors will be found to back the proposed £27m-£30m package although the bank cannot begin to canvass support until the prospectus is ready.

That, in turn, requires an unwavering commitment by Government to the buy-out proposal, although the BTH management, headed by Mr. Peter Land, chief executive, now understands that Mr. Howell may be prepared to consider a tender offer.

The management buy-out team, advised by City merchant bank Kleinwort Benson, is preparing the final draft of an investment memorandum which, with an accountant's report, will be transformed into a formal prospectus in September, given continued Government support.

A tender offer was to have been the privatisation vehicle for the Government Investment in Amersham International, only to be replaced with no little controversy by a straight offer for sale. A tender is expected to be one of the principal candidates for the sale of Britoil, which houses the Government's energy assets in the North Sea.

# APPOINTMENTS

## Process plant chief for Simon Engineering

Mr. Tim Leader has been appointed chairman of the process plant contracting group of Simon Engineering. He succeeds Mr. Chris Lomberg who was appointed chief executive of Simon Engineering last April. Mr. Leader was formerly managing director of Babcock Contractors. In his new position he is in control of some 11 operating companies in the UK, Australia, Canada, the U.S., South Africa and India.

national. Brussels, has become the TEXTILE INSTITUTE'S honorary secretary; Mr. A. D. Harver, a partner in chartered accountants Hacker Young, was re-elected honorary treasurer and Mr. Russell Kempton, chairman of T. W. Kempton, was elected chairman of the Institute's council. Vice-chairman is Mr. Len Wiseman, former director of research at the Shirley Institute, Manchester, who has been the Institute's chairman for the past three years.

Mr. John Bishop has been appointed a director of ELEGCO HOLDING. He is a partner in the solicitors firm of Masons.

Mr. J. Clifford Rescoe has retired from the board of LEEDS PERMANENT BUILDING SOCIETY. He is succeeded by Mr. I. Arnold Ziff, chairman of Style, and Town Centre Securities.

MERCANTILE HOUSE HOLDINGS has appointed Mr. C. B. Greaves to the board as development director. He was development director of Gold Fields Industrial. Mr. M. J. Pyle has resigned from the board for health reasons. Mr. C. J. K. Kelsen has been appointed a director of M. W. Marshall and Co, the international money broking division of the Mercantile House Group.

Mr. Graham Croft-Smith has been appointed a director of ROUSE WOODSTOCK and Mr. Russell Kempton was appointed a director of House Woodstock Metals, both in the Mercantile House Group.

Mr. C. H. Campbell has retired from the board of JAMES FINLAY.

Mr. Andrew Centa has been appointed a director of the ST. JAMES TILE CO. with special responsibilities for marketing and sales. He is a grandson of the founder of the company.

Mr. Paul Werks, senior vice-president of Werner Inter-

Food services division, has appointed Mr. Hugh Stritt as managing director of BREEZE TRADING, Isle of Man. He was financial director at Yeaman and Mackintosh. New financial director at Yeaman and Mackintosh is Mr. James Kerr who was company



Mr. Tim Leader

# Caulfield joins BAT food group


BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MR DAVID CAULFIELD, 48, yesterday resigned as managing director of Pith Lovell's Key Markets supermarket chain to join the food group of BAT Stores. He will help to amalgamate the management structures of the International Stores and Mainstop chains. He is expected to head the new merged food group.

BAT's decision to merge its two grocery chains comes less than 18 months after it split the two groups. The idea then was to create separate identities for the 40-strong supermarket chain and 23-strong superstore group.

Pressure on food retailing over the past few years, and Mainstop's failure to grow as rapidly as had been planned, has led, however, to the decision to merge the managements of the two companies. Several executive redundancies are expected.

Mr Caulfield was managing director of Key Markets for the past four years. He will join the BAT working group responsible for merging the International and Mainstop management structures. The working group is led by Mr. Peter Firminson, Williams, formerly managing director of Asda superstores chain.



**CORFO**  
CORPORACION DE FOMENTO DE LA PRODUCCION

# International Public Tender

## Shares of Banco Continental (CONTINENTAL BANK).

The Corporación de Fomento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 27,523,954 shares of BANCO CONTINENTAL which represents 55,05% of the share capital of the Bank.

Rules and Background data covering this tender are available to investors, at Moneda 921, suite N° 822, Santiago, Chile, subject to payment of a \$ 5,000 fee (or US\$ dollar equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vicepresidente Ejecutivo, CORFO, Moneda 921, suite 825, Santiago, Chile, no later than 10.00 AM, September 27, 1982.

All proposals will be opened before interested parties by CORFO'S Secretary General, who will administer this activity. CORFO reserves the right to accept the offer which, in their judgement, it deems to be in their best interest, or to reject all offers without offering explanations.

This tender will be conducted in accordance with the faculties granted by Law Decree N° 1068 of 1975, without being subject to the prescription of Law N° 18045.

MINISTER EXECUTIVE VICE PRESIDENT  
CORFO SANTIAGO, CHILE

IN CHILE SOUTH AMERICA A GOOD INVESTMENT

Sally...  
plans to...  
expand...  
of...

# COMMANDING THE SKY



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A whole fleet of over 50 Canadair Challengers has already been delivered to major corporate customers. One reason these important travelers have chosen the world's only advanced, wide-body business jet is Challenger's proven reliability. Corporate leaders know you can count on Challenger for demanding daily use around the world.

In a remarkable performance achievement, a Challenger flew 70,000 miles in 48 days, with 100% dispatch reliability. Challenger offers you such dependability because it is built with state-of-the-art technology which outdates every other jet in its class. And it is certified to the newest, toughest commercial aviation standards ever.

For more information on Challenger's many advantages, contact Adel A. Oubari, Vice President of TAG Aeronautics Ltd, 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Telephone: (022) 461717. Telex: 289 084.

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EXCLUSIVE DISTRIBUTORS FOR MIDDLE EAST AND OTHER ARAB COUNTRIES

UK NEWS

Airlines to insist on baggage labelling

By Michael Dornis, Aerospace Correspondent. THE WORLD'S major scheduled airlines are to require all passengers to put on their baggage some form of external identification...

But the airlines argue that unless a passenger's baggage is clearly labelled, it is sometimes impossible to identify it when it gets misrouted.

By making the labelling of baggage mandatory, airlines will check-in the IATA member airlines will insist upon proper labelling...

LATA says passengers should always put their home or business address on the outside of their luggage, together with their destination.

The improvement in UK air traffic during recent months continued during June, when the seven airports owned by the British Airports Authority handled 4.1m passengers...

At Heathrow, passenger traffic rose by 6 per cent to reach nearly 2.4m and at Gatwick traffic rose by 4.3 per cent to reach 1.2m.

For the year as a whole to the end of June, total passenger traffic at the seven airports run by the British Airports Authority...

Stemming the flow of people and jobs from small but thriving communities

North Yorkshire has taken up the struggle for economic survival. Nick Garnett reports

HUNMANBY, a small town south of Eilat on the North Yorkshire coast, reflects the peculiar relationship between small businesses and the economic vitality of predominantly rural regions.

One-tenth of the workforce is still engaged in agriculture, but with a further 15,000 people in support jobs, it has a healthy spread of service industries...

That special vulnerability has helped to generate a series of initiatives in the county within the past two years to foster the spread of small companies.

Twenty-five of these units have already been built, ranging from 500 to 6,000 sq ft and stretching from High Burnham on the Lancashire border...

Other companies carrying out similar projects include Deacon at Skipton, Romanby Furniture at Northalberton and Gleanwest at Easingwold.



AROUND BRITAIN: NORTH YORKSHIRE. The map shows the county's location relative to Lancashire, West Yorkshire, and Humberside.

Four companies back biogenetics

BY DAVID FISLOCK, SCIENCE EDITOR

FOUR big companies with non-conflicting interests in biotechnology are investing £1m in a new research partnership of industry and the academic world.

The Science and Engineering Research Council is providing a co-operative research grant of £183,000 to equip a suite of laboratories which is expected to start with a staff of eight PhDs.

The third strand would be study of the cloning of plant genes — an area in which not much has been done yet, Prof Holland said.

An earlier attempt to launch the Leicester Biocentre, with the assistance of the National Research Development Corporation, failed, partly because it was too ambitious...

Gilts in investment success

By Eric Short

GILTS HAVE been the best investment for pension funds in 1982, according to the performance survey by The Wyatt Company (UK), leading consultants on employee benefits.

The survey showed that the average rise in fixed interest pension funds in the six-month period to the end of June was 20.2 per cent, with the leader, Providence Capital Fixed Interest fund having a rise of 26.5 per cent.

The top UK equity funds in the six months to end-June this year—Britannia Exempt Trust—showed a 15.3 per cent rise over the period.

The best North American equity fund, Foreign and Colonial North American, recorded a 2.7 per cent increase in value, compared with the average performance of a decline of 3.2 per cent.

New factories in Wales 'fail to counter job losses'

BY ROBIN REEVES, WELSH CORRESPONDENT

INDUSTRIAL TENANTS were found for 67 advance factories in rural Wales in 1981-82—promising about 800 jobs.

However, the board was able to assist the Laura Ashley group, which has its headquarters at Carmar, mid-Wales, with further expansion.

THE RECEIVERS of the De Lorean sports car company will meet Mr John De Lorean in New York on Monday to tell him that an attempt by a UK consortium to buy the concern is still very much alive.

Mr Shewell said: "We will be going to see Mr De Lorean next week to inform him about the consortium's progress and to make a decision about where we go from there."

Good weather boosts sales of canned drinks

BY MAURICE SAMUELSON

DRASTIC price cutting and good weather have substantially boosted sales of canned drinks in Britain.

An audit by the can making industry says that in April sales of canned soft drinks rose by 40 per cent and those of canned cola by 58 per cent compared with the same month last year.

Leading supermarkets are currently selling 33 centilitre cans of Coca Cola for about 13p, almost half the price charged in many "street corner" shops.

However, this failed to counter the loss of manufacturing jobs in mid-Wales, the Development Board for Rural Wales says in its annual report.

Mr De Lorean said in a radio interview yesterday that July 31 had been the deadline for the UK consortium's attempt.

At the same time the shop stewards' committee ended their eight-week-old sit-in.

Consortium's De Lorean attempt 'still alive'

BY OUR BELFAST CORRESPONDENT

THE RECEIVERS of the De Lorean sports car company will meet Mr John De Lorean in New York on Monday to tell him that an attempt by a UK consortium to buy the concern is still very much alive.

Sir Kenneth Cork and Mr Paul Shewell, the joint receivers, believe the unnamed consortium's proposal is the only deal on the table which holds out hope for restarting production at the Belfast assembly plant.

Mr De Lorean said in a radio interview yesterday that July 31 had been the deadline for the UK consortium's attempt.

Contracts and tenders

THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA. MINISTRY OF HYDRAULICS. HEAD OFFICE FOR HYDRAULIC INFRASTRUCTURES. NATIONAL AND INTERNATIONAL INVITATION TO TENDER. BUILDING OF DAHMOUN DAM.

The Ministry of Hydraulics—Head Office for Hydraulic Infrastructures—is putting out a national and international invitation to tender for the construction of the Dahmoun Dam on the Oued Onassal to the east of the town of Tiarret (Wilaya of Tiarret).

The work which is the subject of the present invitation to tender, includes the following: 1. Excavation work—550,000m³; 2. Backfilling—1,000,000m³; 3. Concrete—8,000m³; 4. Injection—15,000m³.

Interested companies may obtain the file from the Ministère de l'Hydraulique, Direction Générale des Infrastructures Hydrauliques D.I.M.T.—KOUBA—ALGIERS on payment of 3,000 DA.

Offers drawn up in accordance with the specifications in the file and the regulations in force, in particular memorandum No. 021 dated 4th May 1981 issued by the Ministry of Commerce, must arrive in a sealed double envelope addressed as follows: Ministère de l'Hydraulique—D.G.A.—Bureau des Marchés—KOUBA, ALGIERS.

The closing date for receipt of tenders is 20th October 1982, 17.30 hours. The contractors will be bound by their offers for 120 days.

THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGIERS. MINISTRY OF HYDRAULICS. HEAD OFFICE FOR HYDRAULIC INFRASTRUCTURES. NOTIFICATION OF INTERNATIONAL PRESELECTION.

The Ministry of Hydraulics (D.G.H.) is putting out a notification for preselection in order to select the design offices which will issue offers regarding the implementation of the feasibility studies, detailed estimates and the execution of the dams.

The design offices are requested to submit to the Ministère de l'Hydraulique Direction Générale des Infrastructures Hydrauliques—D.I.M.T. (Immeuble SETHVAL) rue MOHAMED ALLALAT—B.P. 56, KOUBA—ALGIERS, all the necessary documentation enabling them to make their assessment.

The documentation should comprise in particular: — References from the Design Office; — Design capacity; — Capacity to operate in ALGERIA.

Questionnaires will be at the Design Offices' disposal from 19th July 1982 onwards and should be returned together with the preselection files by the 15th September 1982 at the latest.

To the Holders of HITACHI LTD. (Kabushiki Kaisha Hitachi Seisakusho) 5 1/2% Convertible Debentures Due 1996

Pursuant to Section 6.02 of the Indenture dated as of April 15, 1981 under which the above-described Debentures are outstanding, notice is hereby given that effective August 2, 1982, the address of The Industrial Bank of Japan Trust Company, Trustee, Paying Agent and Debenture Registrar will be 255 Park Avenue, New York, N.Y. 10017.

Its telex number will continue to be 428754. HITACHI LTD. August 2, 1982

BASE LENDING RATES. A.B.N. Bank 11 1/2%, Allied Irish Bank 11 1/2%, Amstar Bank 11 1/2%, Henry Ansbacher 11 1/2%, Arbutnot Latham 12 1/2%, Associates Cap. Corp. 12 1/2%, Banco de Bilbao 11 1/2%, BCCI 12 1/2%, Bank of America 11 1/2%, Bank of Canada 11 1/2%, Bank of Ireland 11 1/2%, Bank Leumi (UK) plc 11 1/2%, Bank of Cyprus 11 1/2%, Bank Street Sec. Ltd. 13 1/2%, Bank of N.S.W. 12 1/2%, Banque Belge Ltd. 11 1/2%, Banque du Rhone 12 1/2%, Barclays Bank 11 1/2%, Beneficial Trust Ltd. 12 1/2%, Bramar Holdings Ltd. 12 1/2%, Brit. Bank of Ind. East 11 1/2%, Brown Shipley 12 1/2%, Canada Perm' Trust 12 1/2%, Castle Court Trust Ltd. 12 1/2%, Cavendish City Trust Ltd. 12 1/2%, Cayer Ltd. 12 1/2%, Cedar Holdings 12 1/2%, Charterhouse Japbet 12 1/2%, Choulatons 12 1/2%, Citibank Savings 12 1/2%, Clydesdale Bank 11 1/2%, C. E. Coates 12 1/2%, Comm. Bk. of N. East 11 1/2%, Consolidated Credits 11 1/2%, Co-operative Bank 11 1/2%, Corinthian Secs. 11 1/2%, The Cyprus Popular Bk. 12 1/2%, Duncan Lawrie 12 1/2%, E.H. Trust 11 1/2%, E.H. Trust 12 1/2%, E.K. Trust Ltd. 12 1/2%, First Nat. Fin. Corp. 14 1/2%, First Nat. Secs. Ltd. 14 1/2%, Robert Fraser 12 1/2%, Grindlays Bank 11 1/2%, Guinness Mahon 11 1/2%, Harrogate 11 1/2%, Hargreave Secs. Ltd. 11 1/2%, Heritable & Gen. Trust 11 1/2%, Hill Samuel 12 1/2%, C. Hoare & Co. 11 1/2%, Hongkong & Shanghai 11 1/2%, Kingsnorth Trust Ltd. 13 1/2%, Knowsley & Co. Ltd. 12 1/2%, Lloyds Bank 11 1/2%, Mallinhal Limited 11 1/2%, Edward Manson & Co. 13 1/2%, Midland Bank 11 1/2%, Samuel Montagu 11 1/2%, Morgan Grenfell 11 1/2%, National Westminster 11 1/2%, Norwich General Trust 11 1/2%, P. S. Refson & Co. 12 1/2%, Roxburghe Guarantee 12 1/2%, Slavenburg's Bank 11 1/2%, Standard Chartered 11 1/2%, Trade Dev. Bank 11 1/2%, Trustee Savings Bank 11 1/2%, TSB 11 1/2%, TCB 11 1/2%, United Bank of Kuwait 11 1/2%, Voltekas Int. Ltd. 11 1/2%, Whiteway Laidlaw 12 1/2%, Williams & Glyn's 11 1/2%, Winttrust Secs. Ltd. 11 1/2%, Yorkshire Bank 11 1/2%, Members of the Accepting Houses Committee: 7-day deposits 8.5%, 1 month 8.75%, Short term 6.00%/12 month 11.1%, Deposits on sums of: under £10,000 9 1/2%, £10,000 up to £25,000 9 1/2%, £25,000 and over 10%, Call deposits £1,000 and over 3 1/2%, Demand deposits £1,000 9 1/2%, Mortgage base rate.

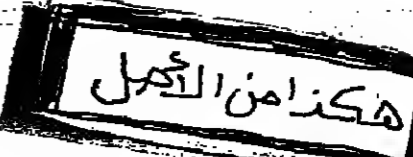
MINISTER EXECUTIVE VICE-PRESIDENT CORFO-SANTIAGO, CHILE

Advertisement for CORFO International Public Tender. Shares of Compañía Chilena de Navegación Interoceánica S.A. (INTEROCEANIC CHILEAN NAVIGATION COMPANY). The Corporación de Fomento de la Producción, CORFO, (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 71,997,475 shares of Compañía Chilena de Navegación Interoceánica S.A., which represents 92.91% of the share capital of the Company.

Advertisement for Hitachi Ltd. 5 1/2% Convertible Debentures Due 1996. Pursuant to Section 6.02 of the Indenture dated as of April 15, 1981 under which the above-described Debentures are outstanding, notice is hereby given that effective August 2, 1982, the address of The Industrial Bank of Japan Trust Company, Trustee, Paying Agent and Debenture Registrar will be 255 Park Avenue, New York, N.Y. 10017.

مكتبة الأصيل





Brian Groom explains the background to the ferry dispute
Union fears 'ruinous' Sealink policy

JUST ONE of those bloody-minded strikes aimed at the traveller at peak holiday times. That was how it appeared to many passengers suffering delays and disruption yesterday, as all British-operated Sealink ferries came to a standstill.

Sealink, but more dramatically and immediately over commercial policies which the NUS believes will lead the company to ruin.

Nothing, on the face of it, could hasten that more than a strike which will cost Sealink thousands of pounds a day at its peak revenue period, as it tries to recover from a debilitating two-year Channel price war.

this occurred, it would be a curious victory of sorts for the union, which opposes privatisation and wants a future Labour Government to make Sealink, separated from British Rail, the core of a nationalised ferry sector.



Car travellers queue at Dover to cross to the continent aboard one of the foreign-crewed ferries which continued to operate yesterday—the first day of the national strike on British Sealink ferries

Unions plan to raise £4m for Labour Party by year's end

TRADE UNIONS working for the return of a Labour Government estimate that they will have nearly £4m in hand by the end of the year in political funds destined for the party.

Tanker row may hit Luton flights

HOLIDAY FLIGHTS from Luton Airport could face widespread disruption and delays by next weekend following a decision by Shell tanker drivers to back a protest strike against oil terminal closures.

comes in the busiest week of the year for Luton. Daily traffic is running at about 120 departures and arrivals, involving over 13,000 passengers.

back colleagues at Northfleet, Kent, and Silverton, East London, who are striking against the closure of their terminals.

Farmworkers seek pay rise of almost 100%

LEADERS OF 250,000 farmworkers in England and Wales are seeking a pay rise amounting to almost 100 per cent.

TUC asks for views on shorter working

THE TUC is asking its 108 constituent unions to consider by the end of September new proposals aimed at drawing up legislation to reduce working time further.

Serious disorders feared

SENIOR UNION leaders believe that the growing problem of the long-term unemployed will lead to increased social tensions, serious disorders in areas of high unemployment and a growth of extremism.

PORTUGAL INVESTMENT OPPORTUNITY IN NAVAL SHIPYARDS AND SIMILAR INDUSTRIES. Portuguese State wishes to contact parties interested in the negotiation of temporary leasing cession of the industrial complex named "SETENAVE—ESTALEIROS NAVAIS DE SETUBAL, EP," by means of a contract to be established between the State of Portugal and a company fulfilling the reference terms defined for the purpose.

COMPANY NOTICES. NOTICE TO ALL NOTEHOLDERS OF CYDSA, S.A. FLOATING RATE NOTES DUE 1988. NOTICE IS HEREBY GIVEN pursuant to section 1103 of the Indenture dated as of October 23, 1981 of Cydsa, S.A. (the "company") to the Royal Bank and Trust Company, Ltd. (the "Trustee") that a meeting of the Noteholders of the company will be held at the offices of the Trustee, 76 William Street, New York, New York, on Friday, August 20, 1982 at 10:00 a.m.

PUBLIC NOTICES. THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c. 3½% Debenture Stock, 1979-84. 5½% Debenture Stock, 1986-88. ART GALLERIES. COLMAGH, 14, Old Broad Street, W1. LEFEVRE GALLERY, 39, Broad St., W1. WHITEHART ART GALLERY, 61, 377. PERSONAL. TO HELP SEAFARERS (including their dependants) who are in financial difficulties, please send a note to General Secretary, Seafarers' Welfare Society, Woodmansterne, Lane, Barking, Surrey.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

A 'shelter' from the burden of R and D

Tim Dickson on a Canadian software company's ingenious scheme

"FOR A while," recalls Tarnie Williams in his soft Canadian drawl, "ours was just about the only game in town."

Although at 6ft 5ins Williams could easily pass for a tough American football quarterback, that "game" in fact is a Government approved tax shelter scheme which has enabled his young but rapidly growing company, Sydney Development Corporation, to raise almost C\$8m for the development of new software programmes.

Sydney is located in Vancouver, British Columbia—the westernmost, and some would say the most remote, province of Canada—but its horizons have become increasingly international in the five years since it was set up.

Besides being quoted on the Vancouver Stock Exchange, Sydney shares are traded on the U.S. over-the-counter market and in the UK under Rule 163(2). Moreover, while North America is naturally seen as the main focus for growth, the company has its eyes firmly trained on Britain as a springboard to attack the potentially lucrative markets of western Europe.

Rewards

Says Williams of the fund raising: "Sydney originally was a mining company which was looking for claims but didn't get any. I told these gentlemen that there was really no difference between oil and software—we commissioned a major firm of accountants to do a market survey for our first product, which is called Connect II, in just the same way that a mining company would commission a geological survey."

management from Sydney's point of view is that the company has effectively turned R and D from a cash drain into a profit centre. Sydney is being paid for work which would normally stretch its financial resources.

The scheme is also helping Williams to see his vision of packaged computer software—as opposed to "custom" software which is generally only applicable to one user—turn into reality.



On his travels Tarnie Williams uses a hand-held terminal to contact his company's computer in Vancouver

clarify the guidelines for the future. The Sydney partnership, meanwhile, essentially offers investors a stake in the growth of a balanced portfolio of software applications.

Participants had to purchase a minimum of ten C\$1,000 units on which the 110 per cent write-off is available over a three year period. Thus someone paying tax at 50 per cent is only risking 45 cents for every Canadian dollar subscribed.

More than a roof over their heads

"IT'S A BIT like running a very large boarding house. I have to deal with all sorts of problems, ranging from questions about accommodation to complaints about the skin on the custard."

The speaker is Gillian Harwood, manager of Omnibus Workplace—a privately financed small business property management company which currently provides premises for some 65 small firms in the Islington area of North London.

Converting old industrial buildings in run-down areas is increasingly fashionable these days as enterprise agencies and local authorities respond to the shortage of suitable small business units. Straightforward commercial projects like Omnibus, however, are less common.

Harwood and architect Philip Lancashire have poured around £200,000 of their own and friends' money into redesigning and smartening up the 50,000 square foot property, which had lain vacant for three years before they moved in.

Named after the General Omnibus Company of London, which in days gone by used to build elegant horsedrawn vehicles before it was swallowed up by London Transport in the early 1930s, the site today has regained much of its former bustle.

Business tenants range from a small printer to an active co-operative and a book-binding company; to office equipment distributors and computer software programmers.

In brief . . .

ALMOST £2.5m has been subscribed to the Second Basildon Fund, which was the sixth fund set up to enable individual investors to take advantage of the Business Start-up Scheme. The closing date was July 9.

THE Management Buy Out Association (MBOA) is announcing the inaugural meeting of the Association hosted by Midland Bank Venture Capital a good 24-25 participants approved the aims of its founder, George Bloomfield, namely to be a self-help organisation at the disposal of managers trying to transform themselves into owners of their own business.

ABOUT A THIRD of the 70 companies which have so far taken up the Science and Engineering Research Council's Collaborative Training Awards (CTA) since the scheme was set up in 1979, have less than 100 employees.

Assets and business for sale ENVIRONMENTAL ENGINEERING WARWICK Farrer Walwin International Limited (in receivership) — Leading business with a world-wide reputation for the design, manufacture and installation of pumping and environmental process plant.

Assets and business for sale AXLE AND TRANSMISSION COMPONENT MANUFACTURER MERTHYR TYDFIL Established precision machining business manufacturing spiral gears for cars, commercial and heavy vehicles; prop shafts for major construction and mechanical handling equipment, and drive axle components for original equipment.

Assets and business for sale MATERIALS HANDLING SPECIALISTS CANNOCK - STAFFORDSHIRE Carries on the design, manufacture and installation of materials handling equipment and chemical process plant.

Assets and business for sale MOTOR FACTORS SOUTH EAST WALES Trades as 'McJohns' Retailer and wholesaler of motor components and accessories trading through four well-situated branches in Cardiff and one branch in Birmingham.

Assets and business for sale ELECTRICAL CONTROL GEAR MANUFACTURER WARWICK Electrical control gear manufacturing business available for sale. Principally engaged in design and manufacture of control gear for sewage and water pumping installations.

Assets and business for sale ELECTRICAL DISTRIBUTORS WARWICK AND BIRMINGHAM Electrical distribution business for sale. Distributes wide range of industrial motors and electrical equipment supplied by leading manufacturers.

Assets and business for sale SELF SERVICE PETROL STATION BIRMINGHAM Self-service petrol station together with a two-bay car service and repair workshop. Currently has a number of account customers.

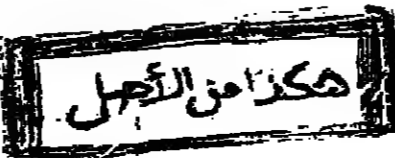
Assets and business for sale SWAGING MACHINERY MANUFACTURER BIRMINGHAM Long established manufacturer of swaging machines for supply to tube makers and a wide variety of other trades.

Assets and business for sale AXLE AND INDUSTRIAL TRANSMISSION MANUFACTURER ACCRINGTON Design and manufacture to customers' requirements of: — Steer axles for fork lift trucks, — Axles for articulated trailers, — Industrial gears and couplings.

Assets and business for sale MARKETING OF SPARE PARTS FOR ARTICULATED TRAILERS ACCRINGTON Articulated trailer spare parts sold to hauliers and retailers through salesmen operating from specially fitted vans.

Assets and business for sale SCREW CONVEYORS, FABRICATION, GENERAL ENGINEERING ACCRINGTON Manufactures products for water treatment industry on sub-contract basis. Has also developed a manufacturing process for large screw conveyors used in mineral extraction and other industries.

Assets and business for sale PRESSINGS AND WELDED COMPONENTS MANUFACTURER BIRMINGHAM Manufactures presswork products for motor and allied trades and fabricated structures in steel and aluminium.







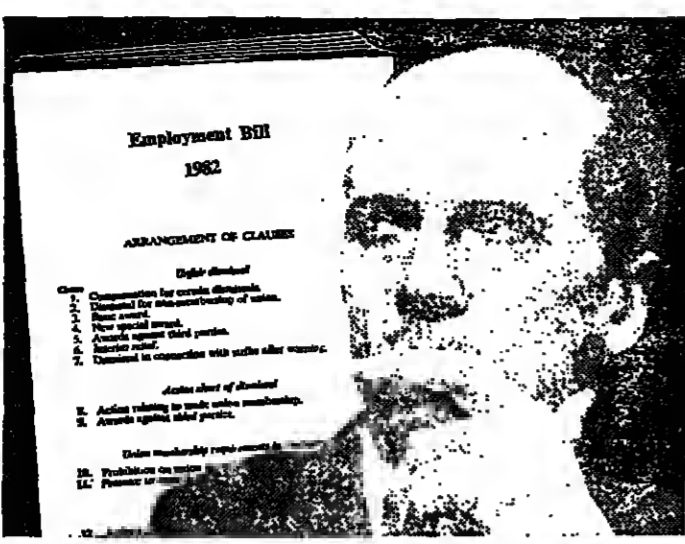




Letters to the Editor

British trade union leadership: servants, or generals with troops

From Mr D. Henderson
Sir.—The letter of Mr Larry Smith (July 28) should not go unchallenged.



One of the principal platforms on which the Government came to power was that it would make trade unions—which had become more and more a law unto themselves—more and more accountable to their own members and to their paymasters, who are not the NCB, British Rail, or the various Health boards, etc—but the general public.

placed the Government in power. It is Mr Tebbitt's aim to frustrate the efforts of such unions and their leaders by bringing them and their activities under the same laws that govern the lives of the rest of the nation.

Mr Smith is entitled to his views on employment and investment—but he should ponder on the question of why it is that even with the aid of the Shipbuilding Intervention Fund it was not possible for a British shipyard to come within any less than £15m of the market price for a replacement for the Atlantic Conveyor.

The argument of who should bridge the gap should never have had to be raised—Cunard should have been able to find a builder in the UK or Northern Ireland, where the work is just as sorely needed—at the right price, but couldn't.

There's the rub, Mr Smith. David Rowan Henderson, Dunmore House, Finty, Strathgairnshire.

From Mr A. Beard
Sir.—Mr Smith's attack on Mr Tebbitt (July 28) was, I thought, very disappointing in its refusal to accept criticism and its retreat into what really amounted into little more than a defensive smokescreen.

But there is also the other type of trade union leader, who sees his members, not as members, but as troops—the leader who is not the servant but the master of his members and whose union code of discipline makes Queen's Regulations read like a kindergarten rule book.

union time and resources (which means members' money) to be devoted to Labour Party activities. This is despite the fact that, as publicly stated by both Len Murray and Denis Healey, about 5m trade unionists voted Conservative in the 1979 General Election.

Indeed, once David Owen left the Labour Party, he was sacked from the TMS Parliamentary Committee, which despite the fact that less than one member in five of that union pays the Labour Party political levy, is composed entirely of Labour MP's.

Disappointing as it is to see the unions adopting a defensive crouch every time they are criticised it is nevertheless very encouraging indeed to see so many signs that union members have, at last, woken up to the fact that all too often they are being used as a political weapon to their own disadvantage.

It was this use or abuse of power, not the wage restraint policies mentioned by Mr Smith, which has hit British workers.

Ken Daly, Little Cophall, Dowlands Lane, Copthorne, Crawley, West Sussex.

Fighting the advanced electronics challenge from Japan and the U.S. Why Europe wants Esprit

By David Fishlock, Science Editor



CHRISTOPHER LAYTON No political pressure DEREK ROBERTS GEC's way ahead

A DOZEN of Europe's leading electronics groups—traditionally fiercely competitive—have felt compelled to join a novel collaborative research and development programme designed to give Europe a machine tool industry for semiconductor chips.

It is the precursor for a far more ambitious programme, still under discussion, aimed at meeting the massive government-backed challenges in advanced electronics from Japan and the U.S.

Mr Derek Roberts, director of research at GEC, is one of the European industrial scientists who, for the past six months, have been exploring collaboration in such areas as advanced information processing systems, advanced microelectronics, office automation and computer integrated manufacture, as the basis of Esprit.

collaboration, that one Japanese industrialist recently complained to Prof Oetima that R and D was out of control in Japan. The industrialist no longer had enough time to supervise an innovation before it was superseded.

The big thrust of the new Japanese national programme for collaboration in electronics are the so-called fifth-generation computers, an advanced computing system for science, the next generation of robotics and optoelectronics. Similar targets are being identified for Esprit.

What are Europe's chances of Esprit marrying previously fiercely competing countries and companies to common goals as ill-defined at this stage as the "fifth-generation computer"?

Mr Tebbitt's letter is a good example of the kind of attitude which is likely to prevent Europe from competing with Japan in the electronics industry.

Japanese motorcycle franchises in the UK

From Mr D. Brown
Sir.—At last the major Press has noticed and reported on the plight of motorcycle dealers.

and retailers. Percentage market share of units is all that the management of these companies care about. Profitability is not considered, only more and more units.

is now a dealer of such and such a franchise. When will the British wake up to the total disregard the Japanese have of orderly marketing? The retailers, existing European manufacturers lose and eventually the over-protected public lose.

Price and pay restraint

From Mr W. Kleinloo
Sir.—The CBI has adopted the slogan "pay restraint for ever" and justifies its viewpoint by pointing out that we can only earn our living by being effective.

current cost accounting and from Jack Clayton who worships it so long as it is of the pure Sandilands variety. Though the motion was lost, however, and thus SSAP 16 survives, it is clear that the SSAP 16 review next year will need to be thorough. Furthermore, whatever the conclusions of the review, any successor standard will have to be sold more effectively and be supported by better training and education back up.

of a fixed Channel link (FCL). The Cairncross and Anglo-French reports accept a FCL as feasible and not a bad thing; we must now wait for a further report (financial) in the autumn. There has not really been a positive recommendation but a slowly getting firmer attitude.

business and politicians reaping the advantages. Community is supposed to offer. Unfortunately we already have a Community à la carte—Britain has opted out of the European monetary system.

Priorities in the Community

From Mr J. Fryer
Sir.—Once again the Finance Ministers of the EC member states have stuck their knives into the barely living body of the European Community. If they carry on much longer, we shall have a corpse on our hands.

Looking forward to 1983

From Mr D. Young
Sir.—It was somewhat ironic that Messrs Keymer and Haslam, in their efforts to throw out SSAP 16, should have found support during the Institute's special meeting both from David Myddelton who abhors

A fixed Channel link

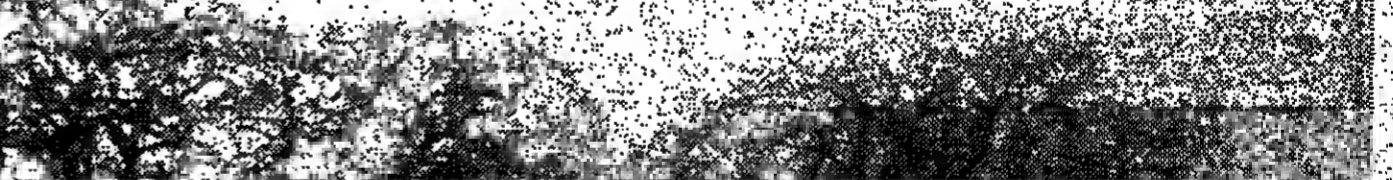
From the chairman, the Channel Tunnel Association
Sir.—Now that the railways and the unions are maturing in their relationships then we wish to again raise the matter

A la carte in Europe

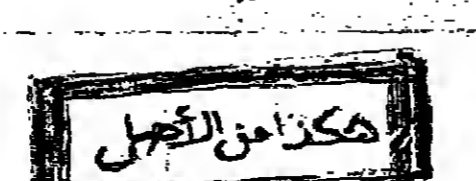
From Mr R. Carswell
Sir.—Like you, I am not attracted by the idea of a European Community à la carte with members, and especially new members, being entitled to pick and choose which policies they wish to take part in.

Now battery electric deliver the goods—cheaper

Battery electric vehicles can halve your fuel bills, cut your maintenance costs, and deliver a more reliable working life. For multi-stop, short-range work in delivery or service operations you'll find your electric van does your drivers will like the simple controls. There are no starting problems, no exhaust, no vibration and far less noise.



DRIVELECTRIC form with fields for Name, Position, Company, Address, Postcode. Includes logo and contact information: The Electricity Council, PO Box 2 Fetham, Middlesex TW6 0TG.



Companies and Markets

UK COMPANY NEWS

Standard Telephones encouraged by first half performance

AN IMPROVEMENT of £7.3m in pre-tax income to £26.4m was recorded by Standard Telephones and Cables during the 24 weeks to June 20, 1982. Turnover for the period moved ahead from £260.5m to £270m.

The directors describe the performance as "encouraging," adding that it reflects the group's commitment to high-technology products and markets and its strong financial position.

Hillards profits expand by 24.5% at year end

AS NOTED in the interim report, the keen competition at super-market operator, Hillards, has continued, but increased turnover and profits have been derived from the new large stores opened since 1979.

Together with a further increase in the contribution from the sale of fresh foods, turnover of the company, including VAT of £97.2m (£87.7m), improved by 12.9 per cent to £183.7m for the year ended May 1 1982, compared with £162.82m for the previous 53 weeks.

Profits for the 53 weeks were struck after a lower interest charge of £350,000, compared with £514,000, but were subject to much higher tax of £1.78m, against a previous £935,000. Of the attributable balance of £2.8m, the dividend cost will absorb £792,000 (£639,000).

Advance by 26% for Cray Electronics

THE MANAGEMENT decision to concentrate on higher margin business at Cray Electronics, precision engineer, is reflected in higher pre-tax profits on lower turnover, according to the directors.

Investments help to lift Nottingham Manfg. at six months

INCLUDING HIGHER investment income of £2.71m, compared with £2.24m, taxable profits of the Nottingham Manufacturing Company increased by £6.72m to £2.17m for the six months to June 30 1982.

BOARD MEETINGS table listing various companies and their meeting dates.

Shaw & Marvin deficit

LOSSES FOR the year at Shaw & Marvin were stated at £34,708 for the year ended March 31, 1982, compared with previous losses of £22,347, which were after a release of £30,000 of bad debt provisions.

Regional Properties improves to £1.91m

PRE-TAX profits of Regional Properties, property investment and development company, moved ahead from £1.67m to £1.91m for the year ended March 31, 1982, and the dividend is stepped up to 2.5p net, against 2.2p, with a final payment of 1.7p.

Meantime, the board will be investigating opportunities to put the company's financial flexibility to use for further acquisitions.

Those properties, valued by a director one year, will be valued independently the following year. This policy has been adopted this year and has resulted in a valuation of the total portfolio of £77.5m producing a surplus of £12.5m, the directors point out.

Coleman Milne USM placing

decided to sell in order to avoid the "costs and hassle" of going public. The 1977 sales of the Lancashire-based company have grown from £1.3m to £3.3m in 1981. The company reported a small loss in 1977 but pre-tax profits last year had grown to £344,000.

Star Offshore back in the black with £1.82m

THE CHAIRMAN of Star Offshore Services, Mr W. G. Cochrane, reports that his prediction of a return to profits in the year to March 31 1982 has been fulfilled. The pre-tax figure was £1.82m, compared with a loss of £885,000.

Royal Dutch/Shell sells Colborn-Dawes business

Royal Dutch/Shell is selling its Colborn-Dawes group of subsidiaries to the Swiss-based pharmaceuticals giant Hoffmann-La Roche. Neither company would give details of the sum being paid, but industry experts reckon the price is probably under £10m.

DIVIDENDS ANNOUNCED table listing companies and their dividend details.

Half-Yearly Statement

Table showing premium income and new business figures for various insurance subsidiaries.

London and Manchester Group plc logo and branding.

M. J. H. Nightingale & Co. Limited

Table listing various stocks and their prices.

THE TRING HALL USM INDEX and LADBROKE INDEX information.

Unidare 90% ahead but some problems remain

A 90 per cent increase from £415,000 to £795,000 in pre-tax profits is reported by Unidare, the Dublin-based manufacturer of electrical cables and transformers, for the six months to June 30 1982. There was a 14 per cent increase from £18.51m to £21.18m in sales. The interim dividend is raised from 1.7p to 2p net—last year a total of 5.5p was paid.

Mr T. P. Spelman, the chairman, expresses satisfaction that the decline in operating group sales and margins has been arrested. There remains, however, a level of concern regarding the viability of some business centres within the group.

TCB improves to £2.33m at midterm

THE BANKING subsidiary of P. & O. TCB, improved pre-tax profits from £1.76m to £2.33m in the half year to June 30 1982. Profits for the whole of 1981 were £3.77m.

Star Offshore back in the black with £1.82m

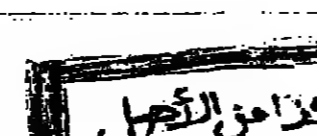
THE CHAIRMAN of Star Offshore Services, Mr W. G. Cochrane, reports that his prediction of a return to profits in the year to March 31 1982 has been fulfilled. The pre-tax figure was £1.82m, compared with a loss of £885,000.

Unilock £1.48m in red

As expected there was a pre-tax loss at Unilock Holdings, £256,000 which comprised a continuing expenditure of £245,000 on new products and a decision to write off an additional amount of £108,000 against the software costs incurred on the graphics computer.

PREEDY advertisement with financial data table and company information.

What's inside the Tilbury Group? advertisement featuring images of industrial sites and text describing the company's activities.





Companies and Markets

BIDS AND DEALS

MINING NEWS

Reckitt sells 65% of Manceau

THE FRENCH subsidiary of Reckitt and Colman has sold 65 per cent of its shares in Laboratories Manceau to Beecham group subsidiary Beecham Sevigné for FF 22m (\$1.9m).

WIRE AND PLASTIC

Wire and Plastic Products has acquired Hiron (Evercol) which is a manufacturer of holloware, hitherto carrying on business at Birmingham and having a turnover of approximately £600,000 per annum.

ASSOCIATE DEALS

Hoare Govett, official broker to Smailight Service Group, purchased the following on behalf of discretionary clients: 25,000 Johnson Group ordinary shares at 275p.

LYLE SHIPPING

Discussions concerning an offer to be made by Lyle Shipping for the share capital of Lyle Offshore Group, not already owned by Lyle, have been discontinued.

BRABY LESLIE

Braby Leslie, the subsidiary Braby Group has acquired from Tazmech cash for £400,000, has business of manufacturing and marketing of mobile aircraft refuelling equipment previously carried on by Tazmech.

Star Computer purchases Hartley's UK operations

Star Computer Group yesterday announced the purchase of Hartley Computer's British operations for £700,000, coupled with a move from the Unlisted Securities Market to a full Stock Exchange listing.

company is in the hands of the receiver so that payment of the balance depends on the smooth transfer of both hard and software to Star, said Mr. Roger Abraham of Star and Contex.

Star said it was confident it could make a satisfactory return on the business and assets being acquired. Star can be expected to cut Hartley's installation costs, Mr. Abraham said.

Heavy losses for Atlas Mining

A NET loss of Pesos 255.5m (£17.3m) for the half year has been suffered by Atlas Consolidated Mining and Development, the biggest metals producer in the Philippines, reports Leo Gomaga from Manila.

Renison keeps its powder dry

THE Consolidated Gold Fields group's Renison Goldfields Consolidated is closing down its Gunpowder copper leaching venture in Queensland because of low copper prices.

91.5% take up Minster Assets rights

THE £3.3m one-for-four rights issue by Minster Assets has been taken up in respect of 7.85m ordinary shares, 91.5 per cent of the total.

Aerospace Eng. exceeds projection

Compared with a forecast of not less than £90,000,000, profits of Aerospace Engineering, manufacturer and supplier of components to the aerospace industry, moved ahead to £11m for the year ended April 30 1982 against a previous £85,000.

Doubts over Jabiluka's earnings prospects

ONLY A week after the news that the big Jabiluka uranium deposit of Pancontinental Mining (65 per cent) and Getty Oil (35 per cent) in Australia's Northern Territory had at long last been given final governmental approval to go ahead, doubts are being expressed about its earnings capability.

Earlier, Mr. Doug Anthony, the Australian Deputy Prime Minister for Trade and Resources was reported as saying that Jabiluka would have an annual export sales potential of A\$300m (£172m).

Encouraging gold values ranging from 1.9 grammes to 28.4 grammes are reported from a 12-hole shallow drilling programme by Carr Boyd Minerals and Esso Exploration from their Harbour Lights prospect at Leonora in Western Australia.

ROUND-UP

10,481,886 oz compared with 10,532,256 oz in the same period of 1981. Final feasibility study preparations are now under way at Australian Consolidated Minerals' Big Bell gold prospect in Western Australia now that the level with a further 5m tonnes increased by 20 per cent to 15m tonnes.

Atlantis seeks remaining 41.3% of Le Vallonet

Atlantis Resources International is offering a one-for-one share deal for the outstanding 41.3 per cent of Le Vallonet valuing the Jersey-based investment company at around £1m.

Le Vallonet has been listed on the London Stock Exchange since 1971. When the original stake was acquired, Atlantis had been considering using Le Vallonet as a listing vehicle. But this proved technically undesirable.

ADP selling offshoot for £1.2m cash

Amalgamated Distilled Products has agreed to sell the wine and spirit wholesale distribution business of Foregate Vintners, a subsidiary of North West Vintners (Retail), to Edward Butler Vintners, for a maximum consideration of £1.2m in cash.

PENGLAEN OFFER HAS CLOSED

The offer for Penglaen has now closed: acceptances have been received for 705,376 shares (41.27 per cent).

FREDERIC ROBINSON

Frederic Robinson has acquired the capital of Hartleys (Liverpool), which owns a total of 55 licensed premises in Cumbria and Lancashire.

FERGUSON/FINLAY

Following the contract for purchase of 1.7m Finlay Packaging stock units at 5p by Ferguson Industrial Holdings, Ferguson became interested in 1.8m ordinary Finlay shares at 5p.

SHARE STAKES

Hall, a director, has advised the following purchases: J. D. Hall, 100,000 non-voting ordinary; R. J. Hall (son of J. D. Hall), 20,000 non-voting ordinary; and Sheila Betty Hall and M. R. Pimont, trustees for R. J. Hall, 15,000 non-voting ordinary.

Share Stakes

Mr. J. D. Hall, 100,000 non-voting ordinary; R. J. Hall (son of J. D. Hall), 20,000 non-voting ordinary; and Sheila Betty Hall and M. R. Pimont, trustees for R. J. Hall, 15,000 non-voting ordinary.

Table with columns: Series, Vol., Aug. Last, Nov. Last, Feb. Last, Stock. Rows include GOLD C, GOLD D, etc.

Table with columns: Option, Expiry, Closing price, Vol., Closing offer, Vol., Closing offer, Vol., Equity close. Rows include BP (c), BP (p), etc.

Country and New Town Properties and Civil Service Store. As a result of the recent fire at the Strand Store premises, until further notice both the above companies will be operating from temporary accommodation at: Adelphi Theatre, 18/20 Maiden Lane, London WC2. Telephone 01-836 9578.

Table with columns: August, November, February. Rows include Barclays (c), Barclays (p), Imperial (c), etc.

The Nottingham Manufacturing Company PLC. INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE 1982. Group results (unaudited) for the six months ended 30th June 1982 are as follows:

Automated Security (Holdings) PLC. Rights Issue of 4,740,989 new Ordinary Shares of 10p each at 180p per share raising £8.2m. The Company has been advised by Energy Finance and General Trust Limited.

HAZLEWOOD FOODS. TURNOVER UP 57% at £18.84m. PRE-TAX PROFIT UP 42% at £1.42m. DIVIDEND UP 25% at 8.0p. "I feel this is a very satisfactory performance in a difficult trading year, affected by the current economic climate and the extreme weather experienced in December and January."





INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

Greyhound hit by bus operations

By Our Financial Staff

A 49 per cent profit decrease in its intercity bus operations has depressed second quarter net earnings by 12 per cent, from last year's corresponding \$31.4m or 73 cents a share to \$27.6m or 63 cents a share at Greyhound, on revenues down from \$1.17bn to \$1.15bn.

This leaves earnings for the half-year 34 per cent lower at \$42.4m or 66 cents a share, compared with 1981's \$64.5m or \$1.44 a share. Revenues for the six months totalled \$2.18bn against \$2.26bn previously.

Diluted earnings per share were 92 cents against \$1.35 for the half-year and 60 cents against 66 cents for the second quarter. Greyhound said last year's half-year profit includes a gain of \$8.1m from settlement of litigation with International Business Machines Corporation.

Mellon National plans to buy Girard for \$220m

BY DAVID LASCELLES IN NEW YORK

MELLON NATIONAL, the largest bank in Pennsylvania and the 15th largest in the U.S. yesterday announced plans to acquire Girard Bank of Philadelphia in a deal worth about \$220m.

The combined assets of the banks will total about \$23bn, making the new entity about the 12th largest in the U.S. on a par with such banks as Wells Fargo and Crocker National.

The deal is the direct result of the recent relaxation of Pennsylvania's tough banking laws, which had prevented banks expanding either by acquisition or by opening branches beyond their home counties.

Gotaas Larsen again in the red

By Andrew Fisher, Shipping Correspondent

LOSERS ON the Golar Spirit carrier, contending high interest rates and poor tanker chartering markets tipped the Bermuda-based Gotaas-Larsen Shipping Corporation into the red again in the second quarter.

But the first half result, reflecting the first quarter profit on sale of a drilling rig, was in profit.

Gotaas-Larsen, whose shares are quoted in London, made a net loss of \$9.5m in the second three months against a profit of \$27.2m in the same period of 1981 when a profit of \$18.8m was made on the sale of the Nortrym drilling rig.

The group loss was \$5m compared with a \$25.5m profit but this was before foreign exchange gains of \$1.5m compared with \$68,000 the year before. Revenues slipped to \$48m from \$52m, with operating profits at \$9.7m against \$16m.

More Eurodollar bonds as U.S. interest rates fall

BY ALAN FRIEDMAN

DECLINING U.S. dollar interest rates led to the issue of \$360m of Eurodollar paper yesterday.

The Canadian province of Saskatchewan kicked off the day's offerings with a \$150m 10-year 15 per cent issue priced at par and led by Credit Suisse First Boston.

Next off the mark was Pacific Gas and Electric, the San Francisco utility, with a \$60m 8-year 14 1/2 per cent Eurobond, also led by CSFB.

American Natural Resources, the Michigan gas transmission company, is offering \$50m of

7-year bonds through Goldman Sachs. The ANR paper carries a 15 1/2 per cent coupon at par. There are also detachable warrants to purchase an equal amount of 15 1/2 per cent 1989 paper.

These warrants are exercisable for a period of five years. They traded last night at \$28 to \$40.

Yesterday's only floating rate note issue was a \$100m 12-year offer for First Chicago National Bank through Salomon Bros. The Double A-rated paper provides an interest rate of 1/2 point over the mean of the three-month bid and offered interbank rates.

The floating rate notes may be called back by the bank at par starting next year. This is related to the bank's intention to raise \$100m of U.S. equity to replace the floaters during

the 12-year life of the paper. In the secondary Eurodollar market trading yesterday, dealers started off by marking prices up to 1/2 point higher in the morning. But limited investor interest faded and prices were adjusted downward slightly.

The Friday was encouraged by the market's cut in the U.S. discount rate and the six-month Eurodollar deposit rate last night closed 1/2 point lower at 13 1/2 per cent. The U.S. Federal Funds rate was down around 1/2 point yesterday and fell below 11 per cent.

The Euro D-mark and Swiss franc foreign bond sectors both registered a 1/2 point gain on the day amid light to moderate trading volume. Sankyo Selki's \$20m privately placed convertible issue was sold with a coupon of 8 1/2 per cent by Swiss Bank Corporation.

Steady recovery at Grumman

BY OUR FINANCIAL STAFF

THE RECOVERY initiated in the first quarter this year has been maintained by Grumman, the New York aerospace group with interests in commercial transport. Profits for the first half of 1982 already outstrip the depressed returns for the whole of 1981, when the group's earnings slipped to \$20.5m or \$1.43 a share from \$30.7m or \$2.35 the previous year.

Second quarter operating earnings now reported to amount to \$14.3m or \$1.05 a share, up from \$7.9m or 57 cents a share in the corresponding period of 1981. This brings half-year earnings to \$20.8m or \$1.56 a share compared with \$13.1m or \$1.02 a share previously.

Second quarter sales advanced to \$81.5m from \$50.3m previously, taking the six-month

total to \$1.1bn, against \$922.3m in 1981. The latest half-year figures exclude losses on discontinued operations of \$647,000 or 5 cents a share—against \$1.8m or 12 cents a share previously—a loss of \$5.4m or 41 cents a share on the disposal of operations and a gain on a change in investment tax credit accounting of \$7.1m or 54 cents a share.

Grumman reports a healthy increase in its order backlog which stood at \$3.65bn at the end of June, compared with \$3.07bn a year earlier. The 1982 figure includes \$1.11bn, against \$978m in 1981, for the F-14 Navy aircraft fighter programme. Orders under negotiation are included only to the extent funded.

Improvements in the second quarter were attributed by the company to increased sales and

profits from various military aircraft programmes and to a reduction in flexible bus operating losses. Flexible's operating loss was \$9.2m, which was about \$3.8m lower than in the comparable period of 1981.

Aerospace sales increased by about \$147m, which produced a \$15.1m gain in operating profit. Mr John C. Bierwirth, chairman and chief executive, says the group's aerospace business should "remain solid through the rest of this decade" and he is confident that returns for the whole of 1982 will show a substantial improvement over last year.

The company has "taken some stringent steps" to reduce bus programme losses and is currently examining every option available to resolve the problems presented by the bus operation.

Canada seeks bigger loan

CANADA IS seeking an increase of approximately US\$2bn in its \$380 revolving credit facility with U.S. banks through its agent, Citibank, Reuter reports from New York.

Bankers said yesterday that discussions with joint managers of the facility were still at a preliminary stage. It appears that banks that would subscribe to the additional financing would be offered higher rates for the entire facility than exists on the current credit line.

Canadian government officials declined to comment about the increase in the credit line, and the Canadian Finance Department denied such a request had been made.

However, Canada is expected to move shortly to replenish its foreign exchange reserves and to finance its growing budget deficit, which totals some US\$19.6bn for fiscal 1982/83. Bankers believe Canada is seeking the increase because the credit facility for this reason.

Record trading at Cedel in half-year

By Our Euromarkets Staff

CEDEL, the Luxembourg-based international bond clearing house, processed a record \$158.25bn of securities in the first half of 1982.

"The volume of transactions for all of 1981 has already been matched," according to Mr Joe Galazka, Cedel's managing director.

In the six months, Cedel's operating income was \$3.4m, up from \$2.7m for the same period in 1981. Pre-tax profits were more than doubled, to \$13.6m.

Mr Galazka said the number of Cedel participants now stands at 1,138. Interest payments distributed to participants for cash deposits over the past six months amounted to \$26m.

Halliburton sees poor second half

DALLAS — Halliburton, the engineering and oil services group, expects lower second half and full-year earnings.

The company has reported first half earnings of \$250.3m, down from \$298.7m a year earlier.

It expects lower domestic results for the second half because of the recession, the

lower level of domestic drilling operations, competitive pressures and high interest rates.

Its international oilfield operations should have better results, however.

The group has reduced its staffing and capital spending because its domestic operations have been underused.

FT INTERNATIONAL BOND SERVICE

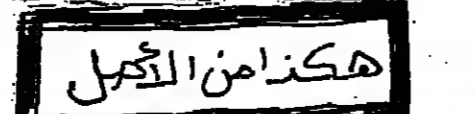
The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18.

Table with columns for Issued, Bid, Offer, Day, Week, Yield, and various bond details. Includes sections for U.S. DOLLAR, OTHER STRAIGHTS, CONVERTIBLE, and SWISS FRANC.

NORTH AMERICAN QUARTERLIES

Table of quarterly financial data for various companies including American General, S.C. Resources Investment, Charter Co., Consolidated-Bathurst, Diamond International, American Natural Resources, Champion Spark Plug, Chromalloy American, Johnson & Johnson, Kamb Services, Kerr-McGee, Nalco, Ogdan Corporation, Olympra Brewing, Peabody International, and Furgator.

Salomon Brothers Executed Over 50% of All Block Stock Trades of \$25 Million or More on the New York Stock Exchange. Includes performance statistics and contact information.





WORLD STOCK MARKETS

Early Wall St. rally falters

AN EARLY rally on Wall Street yesterday ran on steam later in the morning as buying interest, prompted by the latest interest rate reductions, including Friday's half-point cut in the U.S. Discount Rate.

The Dow Jones Industrial Average, which had improved 6.99 by the 10.30 a.m. calculation, was only a net 2.95 firmer at \$11.55 at 1 p.m. The NYSE All Common Index was up 43 cents on average at \$61.94, after touching \$62.07. There was a fairly even turnover of 35.57 million shares.

Analysts said investors remain concerned that the rate declines are only temporary, and will soon start to rise again under the pressure of a heavy U.S. Treasury refunding.

Monte Gordon, of Dreyfus Corporation, also noted that investors are aware that rates are only coming down because of the continued weakness in the economy. Consequently, corporate profits will also continue to weaken.

The outlook for earnings must improve before the market can stage a sustained rally," he added.

Take-over situations attracted the most attention in the market. Heublein was the volume leader and rose to \$37.14, after a sharp decline on Friday after R. J. Reynolds offered to buy the company for \$63 a share.

Mellon National lost \$1 to \$29.91 after it announced that it plans to acquire Girard through the exchange of stock worth about \$35.50 a share, or a total of some \$210m. In the over-the-counter market, Girard rose 5/4 to a bid of \$30.

Grumman advanced 1/4 to \$33.14 after reporting sharply higher earnings. Also, the Pentagon is favouring Grumman's F-14 Tomcat as the day's fighter jet.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index recorded a net gain of 0.73 at 249.72 at 1 p.m. after reaching 250.26 at 11 a.m. Volume 2.03m shares.

With other Canadian Exchanges closed for the Civic Day holiday, the Montreal market attracted very little activity early yesterday with prices showing a slightly eastward tilt at mid-day.

After staging a good recovery on Saturday, the latest U.S. Discount Rate cut, the Tokyo market extended its rise early yesterday. However, the upward momentum was later lost because of the yen's failure to show any significant improvement on the interest rate move.

The Nikkei-Dow Jones Average managed a fresh gain of only 13.35 at 7,205.23 following Saturday's advance of 67.85. The Tokyo SE index was 1.72 higher at 523.66 after rising 3.40 on Saturday. Volume came to a thin 150m shares against 200m on Friday and Saturday's half-day session total of 130m.

Export-oriented issues, such as Matsushita, Precision Instruments and Aisin, were preferred, along with Pharmaceuticals, but Non-ferrous Metals eased.

Fuji Photo rose Y40 to Y144.00, Canon Y14 to Y77.00, Hitachi Y19 to Y57.00, Fujitsu Y11 to Y77.00, Toyota Motor Y5 to Y250.00, and Non-ferrous Metals eased.

Bourse prices generally gained ground, with dealers reporting moderate buying interest. Interest rates were cut on Friday's half-point cut in the U.S. Discount Rate, which also prompted a rally on West German Bond markets.

The Commerzbank index picked up 3.9 to 684.6. Banks and Stores posted sizeable gains. Bayerische Hypothekbank rose DM 4.58, Bayern LB rose DM 4.60, Bayerische Vertriebsbank DM 4.60, Commerzbank DM 2.20, Deutsche Bank DM 1.90 and Dresdner Bank DM 1.70.

Karstadt advanced DM 3.50 in Stores, while Herten and Kaufhof added DM 3 apiece. Volkswagen climbed DM 3.10, while Engineering had its up DM 4 and GEB DM 3.50 stronger.

Prices for Domestic Bonds moved up on a broad front, but traders noted fears of a technical downturn in the week of limited gains. Euro-mark Bonds advanced at an even slower pace, they said, noting that investors are waiting for a similar signal from West Germany's Central Bank. The Bundesbank sold DM 52.4m of public sector bonds to balance the market, up from sales totalling DM 32.5m on Friday.

Gold shares sharply extended their recent rally, responding to the Bullion price rise and also helped by a lower Financial Rand rate.

Good demand pushed Heavyweight Gold Producers up to R33. FS Gold advanced R2.25 to R30, while among cheaper priced issues, Zandam improved R1 to R10.

Other sectors also put on a good performance. Mining Financials had Anglos up 60 cents to R13.30, while Diamond shares De Beers advanced 37 cents to R5.62 and Rustenburg Platinum rose 23 cents to R3.80. In the Rand 10-year Bond, the 10-year rate fell to R3.35.

The recent decline in share prices was reversed yesterday with the Singapore Straits Times Industrial Index falling 14.74 to 655.52, a new low for the year.

Overseas Union Bank, which is currently making a rights issue, lost 25 cents to \$84.42. Overseas Banking Corporation slipped 20 cents to \$87.70. Among Industrials, Sembawang Shipyard dipped 14 cents to \$82.25, National Iron Works to \$85.89, Cold Storage 18 cents to \$83.58 and Fraser and Neave 20 cents to \$85.50.

Hong Leong Finance shed 35 cents to \$86.20, while Hotels had Overseas Union Enterprises down 40 cents to \$85.90. In the Property sector, Singapore Land lost 15 cents to \$86.30 and Selangor Properties 12 cents to \$83.75.

A weaker U.S. dollar and expectations that U.S. short-term interest rates would continue to ease caused a moderate rally in stock prices.

Broken noted that Bank shares, depressed for weeks by high interest rates, were regaining favour among investors following recent announcements by key Swiss banks that they were to raise their non-quarter results had improved.

Among banks, Union Bank was up Sfr2.20 to Sfr2.770, Credit Suisse Sfr2.15 to Sfr2.1650 and Swiss Bank Sfr2.6 to Sfr2.77.

The Sydney market was closed yesterday for a local holiday, while the Melbourne Exchange saw very thin trading conditions. Some leaders in Melbourne, however, were up, a few buying orders, mainly from overseas, with the market encountering little selling.

BHP finished 6 cents higher at A\$7.02, while CSR rose 9 cents to A\$2.54. BHP's 5% Debentures were up 5 cents to A\$3.05 and CRA 3 cents to A\$3.18.

Markets were closed yesterday for the First Monday in August holiday.

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, July 29, July 30, and July 31.

Stock

Table of stock prices for various companies, including columns for Stock, July 29, July 30, and July 31.

CANADA

Table of stock prices for various companies in Canada, including columns for Stock, July 30, and July 31.

SENEGAL (continued)

Table of stock prices for various companies in Senegal, including columns for Stock, Price, and +/-.

HOLLAND

Table of stock prices for various companies in Holland, including columns for Stock, Price, and +/-.

AUSTRALIA

Table of stock prices for various companies in Australia, including columns for Stock, Price, and +/-.

INDICES

Table of stock indices for New York, including columns for Index, July 29, July 30, and July 31.

NEW YORK

Table of stock indices for New York, including columns for Index, July 29, July 30, and July 31.

INDEXES

Table of stock indices for various countries, including columns for Index, July 29, July 30, and July 31.

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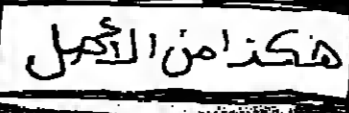
INDEXES

Table of stock indices for various countries, including columns for Index, July 29, July 30, and July 31.

Financial Times August 3 1982. Includes a small graphic and additional publication information.

Companies and Markets

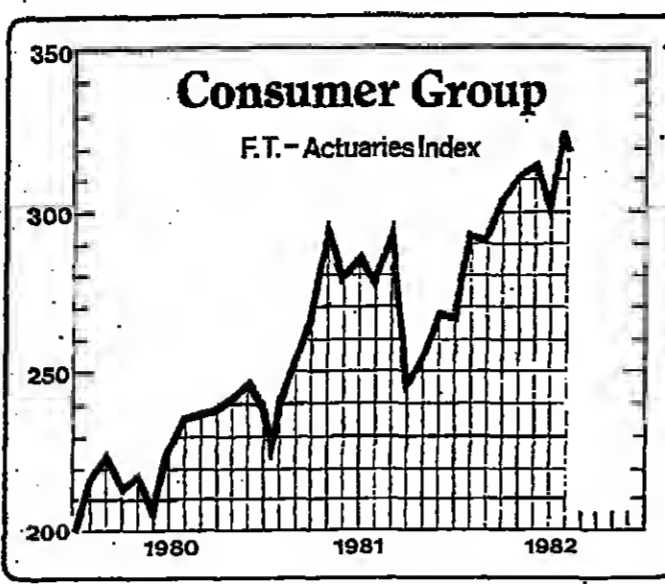
LONDON STOCK EXCHANGE



Gilts strong as reduced U.S. interest rates give fresh boost to confidence—Equity leaders inclined harder

Account Dealing Dates
Option
First Declared Last Account
Dealing Date Dealings Day
19 Aug 13 July 30 Aug 9

Revised demand for gilt-edged securities after last week's period of consolidation provided the main source of interest on London stock markets yesterday.



Market and touched 13p before closing at 12 1/2p. 840-issues, which made a successful debut in the USM last week, met fresh support and touched 66p before settling a net 5 up at 62p.

Johnson Cleaners fall
Johnson Group Cleaners lost 18 to 26p, after 26 1/2p, in miscellaneous industrials on the low level of acceptances to the reverse takeover bid from Sunlight Services and on fears that the offer might, after all, be referred to the Monopolies Commission.

Gold shares opened the new account in fine form, continuing to advance, seen towards the end of last week. The early jump in the bullion price to above \$350 saw most of the heavyweights open a point or so higher.

Table with columns: Index Name, Aug 2, July 26, July 19, July 12, July 5, Year ago. Includes Government Secs, Fixed Int, Industrial Ord, etc.

STC disappoints
Standard Telephones and Cables took a distinct turn for the worse in Electricals, plummeting 66 to 57 1/2p on acute disappointment with the first-half profits and the chairman's cautious remarks about the trading outlook.

Share index in July
The July average of the Industrial Ordinary share index was 559.7; the figure in last Saturday's issue was in error.

Options
First Last Last For Deal- Declara- Settling- ings tion menl July 26 Aug 6 Oct 28 Nov 8 Aug 9 Aug 20 Nov 11 Nov 23 Aug 23 Sept 3 Nov 25 Dec 6

Table with columns: Index Name, Mon Aug 2, Fri Jul 30, Thu Jul 29, Wed Jul 28, Tue Jul 27, Year ago. Includes CAPITAL GOODS, CONSUMER GROUP, INDUSTRIAL GROUP, etc.

Table with columns: Index Name, Mon Aug 2, Fri Jul 30, Thu Jul 29, Wed Jul 28, Tue Jul 27, Year ago. Includes EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST, etc.

Table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Lists various countries and their exchange rates.

RECENT ISSUES
EQUITIES
FIXED INTEREST STOCKS
"RIGHTS" OFFERS
ACTIVE STOCKS
FRIDAY'S ACTIVE STOCKS
RISES AND FALLS YESTERDAY
WORLD VALUE OF THE POUND

CURRENCIES and MONEY

Dollar weak

The dollar was sharply down from Friday's levels in London as the market reacted to a further cut in the U.S. discount rate to 11 per cent and more major banks cutting prime rates to 15 per cent.

Sterling was weaker against the European currencies but up against the dollar. Yesterday's little advance appeared to have little immediate effect on sterling.

ITALIAN LIRA - Trade weighted index 146.3 against 53.8 on Friday and 55.1 six months ago. Three-month interbank 20.5 per cent (21.1 per cent six months ago).

STERLING - Trade-weighted index 91.7 against 91.5 at noon, 91.4 at the opening and 91.5 on Friday 191.5 six months ago.

DMARK - EMS member (weakest). Trade-weighted index 125.5 against 125.1 on Friday and 121.3 six months ago.

EMS EUROPEAN CURRENCY UNIT RATES

EXCHANGE CROSS RATES

Table with columns for currency pairs (e.g., Pound Sterling, U.S. Dollar, Deutsche Mark) and their exchange rates.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 2)

Table showing 3 months U.S. dollars and 6 months U.S. dollars rates.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns for currency (U.S. Dollar, Canadian Dollar, etc.) and interest rates for various terms.

MONEY MARKETS

Bank cuts dealing rates

UK clearing bank base lending rate 11 per cent (since July 30 or August 2 and 3). Downward pressure on UK interest rates...

MONEY RATES

Table with columns for New York, Germany, France, and Japan, showing various money rates.

THE POUND SPOT AND FORWARD

Table with columns for Aug 2, Day's spread, Close, One month, and % Three months for various currencies.

THE DOLLAR SPOT AND FORWARD

Table with columns for Aug 2, Day's spread, Close, One month, and % Three months for various currencies.

CURRENCY MOVEMENTS

Table with columns for Bank of England, Morgan, and other financial institutions, showing currency movements.

OTHER CURRENCIES

Table with columns for Aug 2, £, \$, and Note Rates for various other currencies.

UNIT TRUST INFORMATION SERVICE

Large section titled 'AUTHORISED TRUSTS' containing numerous columns of data for various unit trusts, including names, managers, and performance metrics.

Handwritten text at the bottom of the page, possibly a signature or note.





INSURANCES

Table of insurance companies and their financial data, including Abberly Life Assurance Co. Ltd., Crown Life, and various international insurers.

INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and overseas managed funds, including Life Assur. Co. of Pennsylvania, Norwich Union Insurance Group, and various international fund managers.

Table of international and offshore managed funds, including Granville Management Limited, Guinness Mahon Ltd., and various international fund managers.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including Fidelity International, Guinness Mahon Ltd., and various international fund managers.

NOTES: Prices are in pence unless otherwise indicated. All prices are subject to change without notice.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

That's BTR advertisement with logo and text.

Table: LOANS—Continued. Columns: Stock, Price, Div, Yield.

Table: BANKS & H.P.—Cont. Columns: Stock, Price, Div, Yield.

Table: CHEMICALS, PLASTICS—Cont. Columns: Stock, Price, Div, Yield.

Table: ENGINEERING—Continued. Columns: Stock, Price, Div, Yield.

Table: HOTELS AND CATERERS. Columns: Stock, Price, Div, Yield.

Table: BRITISH FUNDS. Columns: Stock, Price, Div, Yield.

Table: FOREIGN BONDS & RAILS. Columns: Stock, Price, Div, Yield.

Table: BEERS, WINES AND SPIRITS. Columns: Stock, Price, Div, Yield.

Table: DRAPERY AND STORES. Columns: Stock, Price, Div, Yield.

Table: BUILDING INDUSTRY, TIMBER AND ROADS. Columns: Stock, Price, Div, Yield.

Table: INDUSTRIALS (Miscel.). Columns: Stock, Price, Div, Yield.

Table: AMERICANS. Columns: Stock, Price, Div, Yield.

Table: HIRE PURCHASE. Columns: Stock, Price, Div, Yield.

Table: ELECTRICALS. Columns: Stock, Price, Div, Yield.

Table: CANADIANS. Columns: Stock, Price, Div, Yield.

Table: FOOD, GROCERIES, ETC. Columns: Stock, Price, Div, Yield.

Table: COMMONWEALTH AND AFRICAN LOANS. Columns: Stock, Price, Div, Yield.

Table: Over Fifteen Years. Columns: Stock, Price, Div, Yield.

Table: Undated. Columns: Stock, Price, Div, Yield.

Table: INDEX-LINKED & VARIABLE RATE. Columns: Stock, Price, Div, Yield.

Table: INT. BANK AND O'SEAS GOVT. STERLING ISSUES. Columns: Stock, Price, Div, Yield.

Table: CORPORATION LOANS. Columns: Stock, Price, Div, Yield.

Table: LOANS. Columns: Stock, Price, Div, Yield.

Table: PUBLIC BANK AND IND. Columns: Stock, Price, Div, Yield.

Table: BANKS AND HIRE PURCHASE. Columns: Stock, Price, Div, Yield.

Table: CHEMICALS, PLASTICS. Columns: Stock, Price, Div, Yield.

Table: ENGINEERING. Columns: Stock, Price, Div, Yield.

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Advertisement for Financial Times: 'Now read the FT at your leisure'.

Large advertisement for Financial Times with logo and text.

Arabic text: هكذا في كل

NOMURA SECURITIES CO. LTD. Japan's leader in international securities and investment banking. Nomura International Limited, 3 Grosvenor Street, London EC2A 3DF, Tel: 01-253-9911

MINES-Continued

Table of mine stocks including Central African, Australian, and Tins. Columns include Stock, Price, % Chg, Div, and Yld.

PLANTATIONS

Table of plantation stocks including Rubber, Palm Oil, and Teas. Columns include Stock, Price, % Chg, Div, and Yld.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominated in £25. Estimated price/earnings ratios and cover ratios are based on the latest available accounts and are shown on a pro forma basis...

MINES

Table of mine stocks including Central Rand, Eastern Rand, and Far West Rand. Columns include Stock, Price, % Chg, Div, and Yld.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

OPTIONS

Table of 3-month Call Rates. Columns include Stock, Price, % Chg, Div, and Yld.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks. Columns include Stock, Price, % Chg, Div, and Yld.

RECENT ISSUES AND RIGHTS

This service is available to every company dealt in on the Stock Exchange through our facilities at a fee of £500 per annum.

OIL AND GAS-Continued

Table of oil and gas stocks including Anglo-Indonesian, Shell, and others. Columns include Stock, Price, % Chg, Div, and Yld.

OVERSEAS TRADERS

Table of overseas trader stocks including African Lakes, Anglo-Siam, and others. Columns include Stock, Price, % Chg, Div, and Yld.

PLANTATIONS

Table of plantation stocks including Rubber, Palm Oil, and Teas. Columns include Stock, Price, % Chg, Div, and Yld.

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INVESTMENT TRUSTS-Cont.

Table of investment trusts including Equity Growth, Family Income, and others. Columns include Stock, Price, % Chg, Div, and Yld.

PROPERTY-Continued

Table of property stocks including Aberdeen Trust, Alliance Trust, and others. Columns include Stock, Price, % Chg, Div, and Yld.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks. Columns include Stock, Price, % Chg, Div, and Yld.

OIL AND GAS

Table of oil and gas stocks. Columns include Stock, Price, % Chg, Div, and Yld.

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PROPERTY-Continued

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SHOES AND LEATHER

Table of shoes and leather stocks. Columns include Stock, Price, % Chg, Div, and Yld.

SOUTH AFRICANS

Table of South African stocks including Anglo-American, Anglo-Asian, and others. Columns include Stock, Price, % Chg, Div, and Yld.

TEXTILES

Table of textile stocks including Allied Textile, Bata, and others. Columns include Stock, Price, % Chg, Div, and Yld.

TOBACCOS

Table of tobacco stocks including B&W, Imperial, and others. Columns include Stock, Price, % Chg, Div, and Yld.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks. Columns include Stock, Price, % Chg, Div, and Yld.

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RECENT ISSUES AND RIGHTS

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LEISURE-Continued

Table of leisure stocks including Leisure, Leisure, and others. Columns include Stock, Price, % Chg, Div, and Yld.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks. Columns include Stock, Price, % Chg, Div, and Yld.

Garages and Distributors

Table of garage and distributor stocks. Columns include Stock, Price, % Chg, Div, and Yld.

SHOES AND LEATHER

Table of shoes and leather stocks. Columns include Stock, Price, % Chg, Div, and Yld.

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RECENT ISSUES AND RIGHTS

This service is available to every company dealt in on the Stock Exchange through our facilities at a fee of £500 per annum.

INDUSTRIALS-Continued

Table of industrial stocks including Anglo-Indonesian, Anglo-Siam, and others. Columns include Stock, Price, % Chg, Div, and Yld.

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Table of motor and aircraft trade stocks. Columns include Stock, Price, % Chg, Div, and Yld.

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INDUSTRIALS-Continued

Table of industrial stocks including Anglo-Indonesian, Anglo-Siam, and others. Columns include Stock, Price, % Chg, Div, and Yld.

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FRESH TALKS BEGIN AS SEALINK WORKERS ACT

Strike threat to all ferries

BY BRIAN GROOM AND ANDREW FISHER

ALL FERRIES between Britain and the Continent will be halted unless the Sealink strike is resolved by peace talks which began last night...

savings of £1.2m from the pay bill of 570 NUS members at Harwich—a reduction of 24 per cent...

Sealink UK said yesterday it had received reports that the strike has led to major delays for its passengers or congestion at ports...

ships carry more than a million passengers a week in the holiday period. Folkstone services to France and Belgium were hit by the strike...

New EEC offer on U.S. steel exports

By our World Trade Staff and James Buchan in Bonn

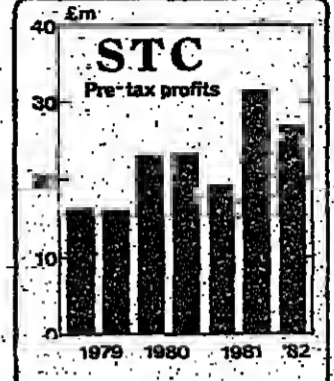
THE EUROPEAN Community yesterday agreed on a new offer to reduce its steel sales to the U.S.

However, M Davignon has been instructed that the figure is negotiable. Washington turned down an EEC offer of a 5.9 per cent market share...

THE LEX COLUMN Market's crossed line to STC

STC is rapidly winning a reputation for catching the market off balance—and it has only itself to blame...

Index rose 1.7 to 558.2



1977, he noted that there was a difference between the legal position of foreign branches and subsidiaries but stressed that parent authorities cannot be indifferent to the moral responsibilities of parent institutions...

Profits in the mainstream telecommunications business have been fairly stagnant, albeit at a healthy level. Sales volume to British Telecom has been moving ahead, but prices and margins have been slightly squeezed...

generate progressively larger amounts of cash, of which it must now have piled up close to £60m. The Nottingham share price consequently trades at premium valuations...

Both arguments are currently looking double-edged. The gains are that M & S may be losing some momentum. Certainly June was a poor month, and indications are that volume growth may be slack over the summer...

£800,000 funds boost needed by Labour

By Philip Bassett, Labour Correspondent

LABOUR PARTY leaders estimate that the party needs about £800,000 if it is to be rescued from its current poor financial position by the end of next year.

Mellish quits Labour but stays as MP until Tatchell endorsed

BY PETER RIDDELL, POLITICAL EDITOR

MR BOB MELLISH, MP for Bermondsey in London and the former Labour Chief Whip, yesterday resigned from the party...

Mr Tatchell as Bermondsey candidate. "I will then resign to give the decent people of Bermondsey a chance to express their views."

would be re-elected by the Bermondsey party as its candidate in the late summer, now that Mr Foot and the NEC have given the go-ahead.

Belgium faces austerity budget

BY LARRY KLINGER IN BRUSSELS

THE BELGIAN Government yesterday confirmed that the country is in for a prolonged period of economic austerity by laying down tough 1983 budget guidelines.

In a further move that could have international repercussions for Belgium, the Government decided to "apply strictly" its 7.5 per cent growth norm on defence spending.

Meanwhile, West German steel producers have reacted with impatience to reports that the U.S. could extend its normal measures against European steel which it holds to be subsidised to embrace the Bonn Government subsidy on coking coal.

Continued from Page 1

Prime rate cut to 15%

Among the banks to reduce their prime rate yesterday were Bank of America, Citibank, Chase Manhattan, Manufacturers Hanover, Morgan Guaranty, Continental Illinois, First Chicago, Chemical Bank and Bankers Trust.

Continued from Page 1

Trade

better than it was in the first quarter of the year. Since last autumn, when imports and exports both appeared to rise very sharply, both sets of figures have shown substantial fluctuations, often both moving in the same direction.

Weather

UK TODAY SUNNY periods with showers. Midlands, S. and N.W. England, S.W. Scotland, N. Ireland and Wales.

Nottingham Mfg.

Nottingham Manufacturing has put up a prolonged demonstration that it can increase volume through the recession, a case closely linked to the major customer Marks and Spencer.

Banco Ambrosiano

International bankers worrying about the \$400m owed to them by Banco Ambrosiano's Luxembourg subsidiary have been scanning their files in search of precedents that would define a parent bank's responsibility when one of its major subsidiaries goes to the dogs.

Andre George to resign top banking job

BY ALAN FRIEDMAN

M ANDRE GEORGE, the long-serving treasury and finance director of the European Investment Bank and one of the Euro-market's best-known figures, is to resign his post at the end of this year.

sewage-treatment plants to atomic power stations. In Luxembourg yesterday, the EIB said M George had informed the bank's management committee of his intentions to leave by December 31.

It has been criticised in this regard for having borrowed too frequently and for offering the lowest possible returns on its bond issues.

He has been a staunch defender of the EIB's Triple A credit rating, arguing that regardless of market criticism he has always managed to place the bank's paper. Because of the importance of M George in the personality-dominated Euro-market his successor will face a daunting task trying to carry on with heavy EIB borrowing requirements.

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